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Cutia Therapeutics
科笛集团

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2487)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2023, together with the comparative figures for the same period in 2022.

BUSINESS HIGHLIGHTS

The Company was successfully listed on the Stock Exchange on 12 June 2023. Since then, we have made significant progress in advancing our product pipeline as well as business operations as of the date of this announcement:

– **Commercialization:** 2023 was our first full year of commercialization and we achieved strong sales performance. During the "618 campaign", our scalp diseases and care products recorded GMV exceeding RMB9.4 million, representing a growth of 4,348.0% year-over-year. During the "11.11 campaign", our scalp diseases and care products, and skin care products recorded GMV exceeding RMB16.7 million and RMB24.8 million, respectively.

– **CU-20401 (recombinant mutant collagenase):** We are conducting a Phase II clinical trial for submental adipose accumulation (submental fat) in China to evaluate the efficacy and safety of CU-20401. First patient enrollment of the Phase II clinical trial was completed in January 2024. In addition, we completed the Phase I clinical trial of CU-20401 in China for abdominal adipose accumulation (abdominal fat) in February 2024.

– **CU-40102 (topical finasteride spray):** CU-40102 is the first and only topical finasteride product approved for androgenetic alopecia treatment globally and the first topical finasteride to have its NDA accepted by the NMPA in China. The NDA of CU-40102 was accepted by the NMPA in January 2024.

– **CU-40101 (topical small molecule thyroid hormone receptor agonist liniment):** The Phase I clinical trial of CU-40101 in China for the treatment of androgenetic alopecia was completed in November 2023.

– **CU-10201 (topical 4% minocycline foam):** CU-10201 is the first and only topical minocycline approved for acne vulgaris treatment globally and the first topical minocycline to have its NDA accepted by the NMPA in China. CU-10201 was granted priority review designation by the CDE in August 2023 and the NDA was accepted by the NMPA in September 2023.

– **CU-10101 (topical novel small molecule agent):** CU-10101 is a non-hormonal, small molecule drug for the treatment of mild to moderate atopic dermatitis. The IND application of CU-10101 was accepted by the CDE in March 2024.

– **CU-30101 (localized topical lidocaine and tetracaine cream):** CU-30101 is a localized lidocaine and tetracaine compound topical anesthesia cream for surface dermatologic operations. The Phase III clinical trial of CU-30101 in China was completed in January 2024.

FINANCIAL HIGHLIGHTS

– Revenue increased by approximately 1,110.8% from approximately RMB11.4 million for the year ended 31 December 2022 to approximately RMB137.6 million for the year ended 31 December 2023.

– The Group's total cash and cash equivalents, time deposits over three months and financial assets at fair value through profit or loss amounted to approximately RMB1,272.6 million as of 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Founded in 2019, we are an R&D-driven, dermatology-focused biopharmaceutical company dedicated to developing comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. We had built a broad portfolio of products, targeting the four main sectors of the broader dermatology treatment and care market, namely localized adipose accumulation management medication, scalp diseases and care, skin diseases and care and topical anesthesia. We also distributed several commercialized products developed by overseas collaboration partners and marketed several products in China.

We are one of the few players in the broader dermatology treatment and care market in China equipped with fully integrated capabilities. We have applied a customer-centric approach to bolster our product candidates and expand our integrated capabilities to the entire broader dermatology treatment and care industry value chain. Our platform spans from the early phase of identifying demands, developing core technologies, managing clinical trials and product registrations, to the manufacturing and marketing of products.

Our proprietary CATAME® technology platform improves drugs to achieve topical or transdermal delivery by developing micron and nano-sized particulates, as well as evaluating formulation quality and stability, and performing cutaneous pharmacokinetic analysis. Our platform also helps design the most suitable product formats that are keys to specific and successful drug delivery. Through this platform, we have built a competitive product pipeline of creams, sprays, ointments, aerosol foams and other dosage forms.

BUSINESS REVIEW

As at the date of this announcement, we have achieved significant advancements in both pipeline products and business operations.

Localized Adipose Accumulation Management Medication

Core Product CU-20401 (recombinant mutant collagenase)

– CU-20401 is a recombinant mutant collagenase that targets obesity, overweight, or other localized adipose accumulation associated metabolic diseases. CU-20401 adopts an alternative mechanism of action where it acts as a collagenase to selectively act on the extracellular matrix attached to adipose tissue. After localized injection, CU-20401 degrades extracellular matrix collagen in the subcutaneous fat layer which leads to apoptosis of adipocytes, and is expected to effectively reduce localized adipose accumulation.

– CU-20401 is technologically modified with reduced rate to catalyze the collagen degradation with mild catalytic activity, thus reducing the adverse effects of wild-type collagenase, such as bruising and pain.

– We are conducting a Phase II clinical trial for submental adipose accumulation (submental fat) in China to evaluate the efficacy and safety of CU-20401. First patient enrollment of the Phase II clinical trial was completed in January 2024 and we expect to complete the Phase II clinical trial in 2025.

– In addition, we completed the Phase I clinical trial of CU-20401 in China for abdominal adipose accumulation (abdominal fat) in February 2024. We expect to initiate a Phase II clinical trial of CU-20401 for abdominal adipose accumulation (abdominal fat) in 2024 to evaluate its efficacy profiles. We expect to obtain regulatory approval for commercialization in China in 2028.

Scalp Diseases and Care

Key Product CU-40102 **(topical finasteride spray)**

– CU-40102 is the first and only topical finasteride product approved for androgenetic alopecia treatment globally and the first topical finasteride to have its NDA accepted by the NMPA in China. Finasteride can treat androgenetic alopecia in male patients by acting as a competitive and specific inhibitor of Type II 5-alpha reductase to inhibit the conversion of testosterone to DHT in the scalp.

– Unlike oral finasteride, CU-40102's topical formulation allows patients to apply the drug directly to the surface of the scalp, thereby maintaining a high concentration at the affected site while possibly reducing the side effects commonly associated with oral formulations.

– The NDA for CU-40102 was accepted by the NMPA in January 2024. We expect to obtain regulatory approval for commercialization in China in 2025.

CU-40101 (topical small molecule thyroid hormone receptor agonist liniment)

– CU-40101 contains a potent small molecule thyroid hormone receptor agonist that binds to thyroid receptor in hair follicle cells and induces hair growth. CU-40101 is to be applied to the scalp directly, reducing systemic exposure and the associated adverse effects. CU-40101 is differentiated from currently available androgenetic alopecia treatment in its mechanism of action and the potential to be used in both male and female patients.

– The Phase I clinical trial of CU-40101 in China for the treatment of androgenetic alopecia was completed in November 2023.

Skin Diseases and Care

***Key Product CU-10201* (topical 4% minocycline foam)**

– CU-10201 is the first and only topical minocycline approved for acne vulgaris treatment globally and the first topical minocycline to have its NDA accepted by the NMPA in China. The indication of CU-10201 is for the treatment of non-nodular moderate to severe acne vulgaris in pediatric and adult patients aged nine years and older.

– Minocycline is a tetracycline antibiotic used to treat a number of bacterial infections and acne vulgaris. The currently available minocycline products are mostly oral medications. Compared to other major anti-acne antibiotics and conventional oral drugs, topical minocycline foam has lower systemic drug exposure, fewer side effects, lower rate of drug resistance, and likely higher patient compliance.

– CU-10201 was granted priority review designation by the CDE in August 2023 and the NDA was accepted by the NMPA in September 2023. We expect to obtain regulatory approval for commercialization in China in 2024.

CU-10101 (topical novel small molecule agent)

– CU-10101 is a non-hormonal, small molecule drug for the treatment of mild to moderate atopic dermatitis. The non-hormonal properties of CU-10101 may reduce the side effects and restrictions associated with corticosteroids and its localized topical formulation allows the medication to reach the affected areas directly. The IND application of CU-10101 was accepted by the CDE in March 2024.

Topical Anesthesia

CU-30101 (localized topical lidocaine and tetracaine cream)

– CU-30101 is a localized lidocaine and tetracaine compound topical anesthesia cream for surface dermatologic operations. The formulation of lidocaine and tetracaine combination in CU-30101 may produce rapid and long-lasting anesthetic effects due to its ingredients' unique pharmacokinetic properties.

– Lidocaine diffuses more rapidly, and more extensively than tetracaine, whereas tetracaine, a long-acting localized anesthetic amino acid ester, is more lipophilic than lidocaine and can be concentrated in the topical stratum corneum. Systemic absorption of the anesthetic component ingredients is also limited from the topical cream formulation.

– The Phase III clinical trial of CU-30101 in China was completed in January 2024.

Warning: There is no assurance that the core product and each of the pipeline products will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Commercialization

We have adopted a well-tailored commercialization strategy to penetrate the broader dermatology treatment and care market in China. Online marketing has always been one of our strategic priorities. We have a dedicated marketing team with strong market insights focusing on the development of online marketing campaigns on various e-commerce platforms and social media platforms such as Tmall, JD, Bilibili, Douyin, Zhihu and Xiaohongshu to build brand awareness and reputation. In addition, our self-operated customer service team provides customers with professional and suitable product support to optimize customer experience, increase repurchase rate and strengthen brand stickiness.

2023 was our first full year of commercialization and our strong product capabilities, sales and operational strengths have brought about a significant increase in online sales for the Company. During the "618 campaign", our scalp diseases and care products recorded GMV exceeding RMB9.4 million, representing a growth of 4,348.0% year-over-year. Sales volume of CUP-MNDE (Bailleul® minoxidil spray) was ranked Top 1 on Tmall and JD platforms in the category of cross-border minoxidil.

During the "11.11 campaign", our scalp diseases and care products, and skin care products recorded GMV exceeding RMB16.7 million and RMB24.8 million, respectively. Among these, one of our skin care products, Phyto-C SUPERHEAL® O-Live Gel recorded GMV exceeding RMB5.0 million on Douyin platform, and was ranked Top 1 on Tmall imported oil control essence bestsellers' list. Sales volume of CUP-MNDE (Bailleul® minoxidil spray) was ranked Top 1 on Tmall and JD platforms in the category of overseas dermatology drug.

Our comprehensive commercialized product portfolio could address distinctive demands from a wide range of population groups as their needs evolve with disease progression or improvement to gain customer stickiness. Our products have features that are differentiated from other products in the market.

In September 2023, we were granted exclusive distribution rights by PhytoCeuticals, Inc. to distribute "Phyto-C" branded products in China. Phyto-C is a skin care brand that uses natural, effective and safe ingredients to develop skin care products with scientific formulations.

Manufacturing Facilities

The construction of our commercial-scale GMP manufacturing facilities with three drug product production lines in Jiangsu province was completed in February 2023 and has commenced operation. The three production lines cover topical cream, ointment, aerosol, and foam products. The flow and control of the entire manufacturing process are designed to be compliant with the latest GMP requirements so that our production can meet the clinical and marketing approval requirements of various drug regulatory authorities, including the NMPA, FDA and European Medicines Agency. We believe the production capacity of this factory can support our clinical trials and near-term commercialization plans for our drug candidates.

KEY EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, some of our drug candidates have made encouraging progress. For CU-20401, the Phase II clinical trial for submental adipose accumulation (submental fat) has completed first patient enrollment in January 2024. In addition, the Phase I clinical trial of CU-20401 for abdominal adipose accumulation (abdominal fat) was completed in February 2024. For CU-40102, the NDA was accepted by the NMPA in January 2024. For more information, please refer to the announcements of the Company dated 3 January 2024, 28 February 2024 and 31 January 2024, respectively.

We are delighted with the advancements we have made. Our R&D, medical and regulatory affairs teams will continue to work closely together to advance the clinical development of our product portfolio to prepare for the commercialization of our pipeline products.

FUTURE DEVELOPMENT

We are dedicated to providing consumers and patients with safe and comprehensive dermatology treatment and care solutions. Looking forward to 2024, we will continue to accelerate the clinical development of the products in our pipeline.

We will adhere to our core marketing strategy of online marketing while exploring into online-to-offline marketing combination. We will continue to strengthen our sales and marketing capabilities, closely observe the changes in market demand, and make good use of our CATAME® technology platform to provide patients and consumers with technical solutions to meet the needs in the broader dermatology treatment and care market.

In addition, leveraging on our CATAME® technology platform, strong research and development capabilities, in-depth industry experience and excellent sales and operation capabilities, we believe we can seize the opportunities arising from the rapid expansion of China's sales network, provide innovative solutions for patients and generate higher returns to our Shareholders.

FINANCIAL REVIEW

Revenue

Our revenue was substantially generated from the sale of our in-licensed and distributed scalp diseases and care products, certain skin care products ("**Routine Skin Care Products**"), as well as skin diseases and care products during the Reporting Period.

Revenue of the Group increased by 1,110.8% from RMB11.4 million for the year ended 31 December 2022 to RMB137.6 million for the year ended 31 December 2023, which primarily due to an increase in sales of scalp diseases and care products and Routine Skin Care Products.

Cost of Sales

During the Reporting Period, our cost of sales primarily consisted of purchase costs and logistics costs related to our scalp diseases and care products, skin diseases and care products, and Routine Skin Care Products. For the year ended 31 December 2023, we recorded cost of sales of RMB66.6 million, representing an increase of RMB63.2 million from RMB3.4 million for the year ended 31 December 2022, which is in line with the increase in the sales of our products.

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less our cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB71.0 million for the year ended 31 December 2023, representing an increase of 794.5% from RMB7.9 million for the year ended 31 December 2022. Our gross profit margin decreased from 69.8% for the year ended 31 December 2022 to 51.6% for the corresponding period of 2023, which was primarily due to the change of product portfolio mix.

Other Income and Gains

Our other income primarily consisted of interest income and government grants during the Reporting Period. The government grants mainly represent subsidies received from local government authorities during the Reporting Period for the purpose of compensation for operating activities. Our interest income comprises (i) bank interest income; (ii) deemed interest income from loans to employees and related parties; and (iii) imputed interest income on rental and other deposits. Other income of the Group increased by 53.3% from RMB24.0 million for the year ended 31 December 2022 to RMB36.8 million for the year ended 31 December 2023, which was primarily due to (i) the receipt of the government grants from the PRC local government authorities to support certain operating activities during the Reporting Period; and (ii) an increase in our bank interest income resulting from the increase of our cash and cash equivalents and time deposits over three months.

During the Reporting Period, our gains primarily consisted of net foreign exchange gains which is in connection with our cash and cash equivalents and time deposits over three months denominated in the U.S. dollars, as a result of the appreciation of the U.S. dollar against RMB, gain on termination of a lease contract and fair value gains on financial assets at fair value through profit or loss ("**FVTPL**") . Other gains decreased by 71.5% from RMB81.7 million for the year ended 31 December 2022 to RMB23.3 million for the year ended 31 December 2023, which was resulting from a smaller extent of increase of foreign exchange rate from U.S. dollar to RMB in 2023 as compared to the corresponding increase in 2022, and hence a decrease in the foreign exchange gains.

Research and Development Costs

During the Reporting Period, our research and development costs consisted of staff costs, share-based payment expenses, acquisition/licensing-in expenses, third-party contracting costs, depreciation and amortization and others. For the year ended 31 December 2023, we recorded research and development costs of RMB215.7 million, representing an increase of 19.3% as compared to RMB180.8 million for the corresponding period of 2022, which was primarily due to (i) an increase in the number of our research and development personnel; and (ii) an increase in depreciation and amortization due to the operation of our research and development laboratory.

Set out below are the components of research and development costs for the periods indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Staff costs	**49,731**	34,432
Share-based payment expenses	**41,423**	49,953
Acquisition/licensing-in expenses	**23,198**	21,644
Third-party contracting costs	**63,905**	55,727
Depreciation and amortization	**22,801**	13,054
Others	**14,653**	5,946
Total	**215,711**	180,756

Administrative Expenses

During the Reporting Period, our administrative expenses consisted of staff costs, share-based payment expenses, consulting fees, depreciation and amortization and others.

Administrative expenses increased by 85.1% from RMB100.5 million for the year ended 31 December 2022 to RMB185.9 million for the year ended 31 December 2023, which was primarily due to an increase in our total headcount of administrative staff in line with our business expansion and an increase in our share-based payment expenses resulting from the new grant of Pre-IPO Equity Incentive Plan in November 2022.

Set out below are the components of administrative expenses for the periods indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Staff costs	**47,972**	37,950
Share-based payment expenses	**72,990**	44,552
Consulting fees	**18,840**	5,714
Depreciation and amortization	**18,073**	5,142
Others	**28,015**	7,094
Total	**185,890**	100,452

Selling and Distribution Expenses

During the Reporting Period, our selling and distribution expenses consisted of staff costs, share-based payments expenses, marketing expenses and others. Our selling and distribution expenses increased by 479.7% from RMB35.9 million for the year ended 31 December 2022 to RMB208.3 million for the year ended 31 December 2023, which was primarily due to an increase in staff costs and marketing expenses from the expansion in online marketing activities on e-commerce and social media platforms to further drive our online direct sales.

Finance Costs

During the Reporting Period, our finance costs mainly include interests on bank loans and lease liabilities. Finance costs increased by 159.1% from RMB1.7 million for the year ended 31 December 2022 to RMB4.5 million for the year ended 31 December 2023, which was primarily due to the increase in bank loans obtained to finance the daily operation.

Listing Expenses

Our listing expenses increased by 7.4% from RMB23.5 million for the year ended 31 December 2022 to RMB25.2 million for the year ended 31 December 2023, which was in line with the progress of initial public offering. We expect that no such expenses will be incurred in the future.

Income Tax Expenses

Our income tax expense for the year ended 31 December 2023 was nil (for the year ended 31 December 2022: nil).

Fair Value Losses on Convertible Redeemable Preferred Shares

Our fair value losses on convertible redeemable preferred shares increased from RMB327.1 million for the year ended 31 December 2022 to RMB1,454.3 million for the year ended 31 December 2023. This increase was primarily due to the increase in our Company's valuation and we expect that no such fair value losses will be incurred in the future as all convertible redeemable preferred shares were automatically converted into ordinary shares upon the completion of the global offering on 12 June 2023.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB1,963.8 million for the year ended 31 December 2023, representing an increase of RMB1,408.0 million from RMB555.8 million for the year ended 31 December 2022.

Liquidity and Financial Resources

As of 31 December 2023, our total cash and cash equivalents amounted to RMB473.1 million, representing an increase of 1.6% as compared to RMB465.9 million as of 31 December 2022, which was primarily due to the proceeds from initial public offering.

As of 31 December 2023, our time deposits over three months amounted to RMB330.2 million, representing a decrease of 41.8% as compared to RMB567.1 million as of 31 December 2022, which was primarily in relation to the maturity of our time deposits.

As of 31 December 2023, our financial assets at fair value through profit or loss amounted to RMB469.3 million, representing an increase of 979.0% as compared to RMB43.5 million as of 31 December 2022, which was primarily due to the purchase of certain products to maximize return on capital.

As of 31 December 2023, our current assets amounted be RMB1,416.3 million, including cash and cash equivalents of RMB473.1 million. Our current liabilities amounted to RMB254.8 million, including interest-bearing bank borrowings of RMB129.4 million.

Indebtedness

The following table sets forth the breakdown of our lease liabilities, interest-bearing bank borrowings and convertible redeemable preferred shares as of the dates indicated:

	As of 31 December 2023	As of 31 December 2022
	RMB'000	*RMB'000*
Lease liabilities	**54,344**	54,128
Interest-bearing bank borrowings	**189,411**	–
Convertible redeemable preferred shares	**–**	2,570,021

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of 31 December 2023.

Gearing Ratio

As of 31 December 2023, our gearing ratio was 21.0%, as compared with 186.1% as of 31 December 2022. The decrease was primarily due to the automatic conversion of all convertible redeemable preferred shares into ordinary shares upon the successful initial public offering on 12 June 2023.

Significant Investments, Material Acquisitions and Disposal

We did not have any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2023.

Capital Commitments

As of 31 December 2023, we had capital commitment of RMB3.2 million for the contracts in relation to acquisition of property, plant and equipment and other intangible assets (as of 31 December 2022: RMB6.5 million).

Contingent Liabilities

As of 31 December 2023, we did not have any material contingent liabilities, guarantees or any litigation against us (as of 31 December 2022: nil).

Pledge of Assets

As of 31 December 2023, we had not pledged or charged any assets (as of 31 December 2022: nil).

Foreign Exchange Exposure

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and the U.S. dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars and the U.S. dollars, has been based on rates set by the People's Bank of China. The Group primarily limits our exposure to foreign currency risk by closely monitoring the foreign exchange market. During the year ended 31 December 2023, the Group did not enter into any currency hedging transactions.

Use of Proceeds

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the global offering of approximately HK$392.7 million (equivalent to approximately RMB356.8 million). As of 31 December 2023, such net proceeds were utilized as follows:

Use of proceeds from the listing	**Amount of net proceeds for planned applications** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Utilized net proceeds as of 31 December 2023** *(HK$ million)*	**Unutilized net proceeds as of 31 December 2023** *(HK$ million)*	**Expected time frame for unutilized amount**
For the Core Product					
1. For funding the costs and expenses in connection with R&D personnel as well as continuing R&D activities of CU-20401	164.9	42.0%	17.6	147.3	by the end of 2029
2. For the local production of CU-20401 in Chinese Mainland	11.8	3.0%	–	11.8	by the end of 2029
For the Key Products					
1. For funding the costs and expenses in connection with R&D personnel as well as continuing R&D activities of CU-40102 and CU-10201	43.2	11.0%	27.4	15.8	by the end of 2026
2. For milestone payments of CU-10201	43.2	11.0%	–	43.2	by the end of 2026
For the other candidates in the pipeline					
1. For the continuing R&D activities of CU-40101, CU-40103, CU-40104 and other potential scalp diseases and care products	28.3	7.2%	17.7	10.6	by the end of 2028
2. For the continuing R&D activities of CU-10101, CU-10401 and other potential skin diseases and care products	28.3	7.2%	9.2	19.1	by the end of 2028
3. For the continuing R&D activities of CU-30101	14.1	3.6%	14.1	–	
For technology development and business development for pipeline expansion	**39.3**	**10.0%**	**24.6**	**14.7**	**by the end of 2025**
For our working capital and other general corporate purposes	**19.6**	**5.0%**	**19.6**	**–**	
Total	**392.7**	**100.0%**	**130.2**	**262.5**	

Employees and Remuneration

As of 31 December 2023, the Group had a total of 298 employees. The total remuneration cost of the Group for the year ended 31 December 2023 was RMB260.7 million, as compared to RMB179.7 million for the year ended 31 December 2022, which was primarily due to an increase in headcount. The following table sets forth the total number of employees by function as of 31 December 2023:

Function	Number	Percentage of total
R&D	49	16.4%
Manufacturing and Quality Control	51	17.1%
Medical and Regulatory Affairs	45	15.1%
Sales, Marketing and Administration	153	51.4%
Total	298	100.0%

The remuneration of the employees of our Group comprises salaries, bonuses, employees' provident fund, share-based payment, and social security contributions and other welfare payments. In accordance with applicable laws and regulations, we made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

The Board is of the view that, the Company has fully complied with all the applicable code provisions as set out in the CG Code, except for the code provision C.5.1 as set out below, from the Listing Date to 31 December 2023.

Pursuant to code provision C.5.1 of the CG Code, regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. As the Shares were only listed on 12 June 2023, the code provision C.5.1 is not applicable to the Company throughout the year. Since the Listing Date to 31 December 2023, two Board meetings were held.

From 1 January 2024 onwards, the Board will meet regularly and schedule to meet at least four times every year at approximately quarterly intervals in accordance with the CG Code.

The Company has adopted the principles and code provisions in the CG Code and has complied with all applicable code provisions from the Listing Date to 31 December 2023.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code from the Listing Date to 31 December 2023. No incident of non-compliance of the Model Code by the relevant employees who are likely to be in possession of inside information was noted by the Company.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 December 2023.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Board has established the Audit Committee which comprises Mr. Chung Ming Kit (chairman), Mr. Tao Tak Yan Dennis and Mr. Ye Xiaoxiang, who are all our independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, risk management and internal controls.

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the audited annual consolidated financial information of the Group for the year ended 31 December 2023.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (31 December 2022: nil).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cutiatx.com).

The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be made available to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*4*	**137,623**	11,366
Cost of sales		**(66,615)**	(3,428)
Gross profit		**71,008**	7,938
Other income and gains	*4*	**60,152**	105,696
Selling and distribution expenses		**(208,309)**	(35,934)
Research and development costs		**(215,711)**	(180,756)
Administrative expenses		**(185,890)**	(100,452)
Impairment losses on financial assets		**(752)**	–
Fair value losses on convertible redeemable preferred shares		**(1,454,280)**	(327,097)
Other expenses		**(254)**	–
Finance costs		**(4,477)**	(1,728)
Listing expenses		**(25,245)**	(23,503)
LOSS BEFORE TAX		**(1,963,758)**	(555,836)
Income tax expense	*5*	**–**	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,963,758)**	(555,836)
Attributable to:			
Owners of the parent		**(1,963,758)**	(555,836)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*7*	**(9.60)**	(6.94)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023** ***RMB'000***	31 December 2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**177,664**	179,398
Right-of-use assets		**48,344**	49,610
Other intangible assets		**7,810**	597
Amounts due from related parties		**36,494**	36,554
Prepayments, other receivables and other assets		**20,169**	35,221
Total non-current assets		**290,481**	301,380
CURRENT ASSETS			
Inventories		**45,314**	19,996
Trade receivables	*8*	**62,198**	98
Prepayments, other receivables and other assets		**34,855**	47,584
Amounts due from related parties		**1,300**	1,240
Financial assets at fair value through profit or loss ("**FVTPL**")	*9*	**469,337**	43,496
Time deposits over three months		**330,192**	567,145
Cash and cash equivalents	*10*	**473,120**	465,866
Total current assets		**1,416,316**	1,145,425

	Notes	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
CURRENT LIABILITIES			
Trade and other payables	*11*	**113,603**	68,572
Lease liabilities		**11,374**	8,830
Deferred income		**400**	–
Interest-bearing bank borrowings	*12*	**129,411**	–
Total current liabilities		**254,788**	77,402
NET CURRENT ASSETS		**1,161,528**	1,068,023
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,452,009**	1,369,403
NON-CURRENT LIABILITIES			
Lease liabilities		**42,970**	45,298
Deferred income		**–**	400
Interest-bearing bank borrowings	*12*	**60,000**	–
Convertible redeemable preferred shares		**–**	2,570,021
Total non-current liabilities		**102,970**	2,615,719
Net assets/(liabilities)		**1,349,039**	(1,246,316)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**43**	11
Reserves/(deficits)		**1,348,996**	(1,246,327)
Total equity/(deficits)		**1,349,039**	(1,246,316)

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

1.1 Corporate information

Cutia Therapeutics (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2019, and its shares are listed on The Stock Exchange of Hong Kong Limited on 12 June 2023. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market.

1.2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

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

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset amounting to RMB6,137,000 for all deductible temporary differences associated with lease liabilities and tax losses (provided that sufficient taxable profit is available), and (ii) a deferred tax liability amounting to RMB6,137,000 for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

The adoption of amendments to IAS 12 did not have any impact on the financial position or performance of the Group for the years ended 31 December 2023 and 2022.

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

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

During the Reporting Period, all of the Group's revenue was derived from customers located in the PRC and nearly all of the Group's non-current assets were located in the PRC, and therefore no geographical segment information is presented in accordance with IFRS 8 Operation Segments.

Information about major customers

Revenue derived from sales to customers, which amounted to more than 10% of the Group's revenue for the year ended 31 December 2023 and 2022, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**–**	4,473
Customer B	**27,587**	–

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of products – at a point in time	**137,623**	11,366

An analysis of other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants (note)	**11,930**	6,252
Bank interest income	**21,758**	16,447
Imputed interest income on rental and other deposits	**173**	26
Deemed interest income from loans to employees	**244**	166
Deemed interest income from loans to related parties	**1,239**	732
Others	**1,502**	419
Total other income	**36,846**	24,042
Gains		
Foreign exchange gains, net	**20,801**	73,979
Gain on termination of a lease contract	**37**	–
Fair value gains on financial assets at FVTPL	**2,468**	7,675
Total gains	**23,306**	81,654
Total other income and gains	**60,152**	105,696

Note: The government grants have been received from the PRC local government authorities to support certain subsidiaries' operating activities. There are no unfulfilled conditions relating to these government grants.

5. 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 on the Company.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2022: 16.5%) on any estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2023 and 2022.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% (2022: 25%) on the taxable income during the year.

Pursuant to the relevant CIT Law, Cutia Wuxi enjoyed a super deduction of 200% on qualifying research and development expenditures during the Reporting Period. In addition, Cutia Shanghai enjoyed a super deduction of 175% and 200% on qualifying research and development expenditures during the nine months from 1 January 2022 to 30 September 2022 and three months from 1 October 2022 to 31 December 2022 respectively.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for the jurisdiction in which the Company and its major subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(1,963,758)**	(555,836)
Tax at the statutory tax rate (25%)	**(490,940)**	(138,959)
Tax effect of expenses not deductible for tax purposes	**394,793**	88,524
Additional deductible allowance for research and development expenses	**(18,461)**	(15,849)
Tax effect of tax losses not recognised	**97,783**	60,580
Tax effect of deductible temporary differences not recognised	**9,606**	4,378
Effect of different tax rates of subsidiaries operating in other jurisdictions	**7,219**	1,326
Tax charge at the Group's effective rate	**–**	–

The Group has accumulated tax losses in Hong Kong of approximately RMB100,525,000 (2022: RMB15,600,000) in aggregate as at 31 December 2023 that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. The Group has accumulated tax losses in Chinese Mainland of RMB827,439,000 (2022: RMB492,355,000) in aggregate as at 31 December 2023 that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has unrecognised deductible temporary differences of RMB59,668,000 (2022: RMB21,245,000) as at 31 December 2023. The unrecognised deductible temporary differences are mainly related to the advertising and promotional expenses that exceed 15% of the revenue for the current tax year which is allowed to be carried forward to the following tax years for deduction within the deduction limit.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

6. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2023, nor has any dividend been proposed since the end of the Reporting Period (2022: nil).

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares of 204,614,716 (2022: 80,045,710) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of convertible redeemable preferred shares, over-allocation option, share options and restricted share units 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:

	2023	2022
Loss		
Loss attributable to ordinary equity holders of the parent for the purpose of calculating basic and diluted loss per share (RMB'000)	**(1,963,758)**	(555,836)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**204,614,716**	80,045,710
Loss per share (basic and diluted) (RMB per share)	**(9.60)**	(6.94)

8. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**62,950**	98
Impairment	**(752)**	–
Net carrying amount	**62,198**	98

The Group's trading terms with some of its customers are on credit. The Group primarily allows a credit period of 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has certain concentrations of credit risk as the Group's trade receivables are due from a few customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**21,268**	70
1 month to 6 months	**40,824**	28
6 months to 12 months	**106**	–
Total	**62,198**	98

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses, net	**752**	–
At end of year	**752**	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Ageing			
	Within 1 month	**1 to 6 months**	**6 to 12 months**	**Total**
Expected credit loss rate	1.04%	1.27%	2.75%	1.19%
Gross carrying amount (RMB'000)	21,492	41,349	109	62,950
Expected credit losses (RMB'000)	224	525	3	752

9. FINANCIAL ASSETS AT FVTPL

	2023	2022
	RMB'000	*RMB'000*
Financial products	**469,337**	43,496

The financial assets measured at FVTPL represented financial products with no predetermined return which are principal protected investments. The financial products are with expected yield rates, depending on the market prices of underlying financial instruments, including bonds, debentures and other financial assets. Hence their contractual cash flows do not qualify for solely payments of principal and interest. The expected yield rates ranged from 1.5% to 4.5% per annum as at 31 December 2023 (31 December 2022: 2.86% to 3.05% per annum).

10. CASH AND CASH EQUIVALENTS

	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents	**473,120**	465,866
Denominated in		
RMB	**424,381**	381,658
US$	**47,885**	84,208
HK$	**854**	–

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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 are deposited with creditworthy banks with no recent history of default.

11. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**20,292**	–
Accrued expenses for research and development services	**23,105**	6,021
Payables for purchase of items of property, plant and equipment	**3,454**	28,176
Other payables	**41,208**	2,943
Salary and bonus payables	**11,735**	11,859
Other taxes payable	**1,342**	960
Accrued listing expenses	**12,467**	18,613
Total	**113,603**	68,572

An ageing analysis of the trade payables as at the end of each of the Reporting Period, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**20,292**	–

Trade and other payables are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in trade and other payables as at the end of 31 December 2023 and 2022 approximated to their fair values due to their short-term maturities.

12. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Effective interest rate (%)	**Maturity**	**Amount** ***RMB'000***	Effective interest rate (%)	Maturity	Amount *RMB'000*
Current						
Bank loans – unsecured	**3.65**	**2024**	**69,361**	–	–	–
Bank loans – unsecured	**3.19**	**2024**	**10,150**	–	–	–
Bank loans – unsecured	**3.55**	**2024**	**9,900**	–	–	–
Current portion of long term bank loans – secured (note)	**3.45**	**2024**	**40,000**	–	–	–
Total – current			**129,411**			–
Non-current						
Other secured bank loans (note)	**3.45**	**2025-2026**	**60,000**	–	–	–
Total – non-current			**60,000**			–
Total			**189,411**			–

	2023 ***RMB'000***	2022 *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**129,411**	–
In the second year	**40,000**	–
In the third to fifth years, inclusive	**20,000**	–
Total	**189,411**	–

The carrying amounts of borrowings are denominated in the following currency:

	2023 ***RMB'000***	2022 *RMB'000*
RMB	**189,411**	–

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Fixed interest rate	**189,411**	–

Note: The Company has guaranteed certain of the Group's bank loans up to RMB120,000,000 as at the end of the Reporting Period.

"androgenetic alopecia"	a common form of hair loss in both men and women
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of our Company
"CDE"	Center for Drug Evaluation of the NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA to review applications for clinical trials and drug marketing authorization
"China", "Chinese Mainland", or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, excluding Taiwan, the Macao Special Administrative Region and Hong Kong
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"Company"	Cutia Therapeutics (科笛集團), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 15 May 2019, the Shares of which are listed on the Main Board of the Stock Exchange
"Core Product"	has the meaning ascribed to it under Chapter 18A of the Listing Rules; for the purpose of this announcement, our Core Product refers to CU-20401
"Corporate Governance Code"or "CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Cutia Wuxi"	Cutia Therapeutics (Wuxi) Co., Ltd. (科笛生物醫藥(無錫)有限公司), a limited liability company established in the PRC on 4 December 2020 and wholly-owned subsidiary of the Company
"dermatology"	the branch of medicine that deals with the diagnosis and treatment of skin related disorders
"DHT"	dihydrotestosterone, a male sex hormone which is the active form of testosterone, formed from testosterone in bodily tissue
"Director(s)"	the director(s) of the Company

"FDA"	Food and Drug Administration of the United States
"GMP"	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of products
"GMV"	gross merchandise value
"Group", "our Group", "our", "we", or "us"	our Company and our subsidiaries
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IND"	investigational new drug, an application in the drug review process required by an regulatory authority to decide whether a new drug is permitted to initiate clinical trials; also known as clinical trial application, or CTA, in China
"indication"	a valid reason to use a specific test, drug, device, procedure or surgery
"Key Product"	for the purpose of this announcement, our Key Products refer to CU-40102 and CU-10201
"Listing Date"	12 June 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"mechanism of action"	the specific biochemical interaction through which a drug substance produces its pharmacological effect
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NDA"	new drug application, a process required by an regulatory authority to approve a new drug for sale and marketing
"NMPA"	the National Medical Products Administration of China (中國國家藥品監督管理局)

"Phase I clinical trial"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its efficacy
"Phase II clinical trial"	a study in which a drug is administered to a limited patient population to preliminarily evaluate the efficacy of the product for specific targeted diseases, to identify possible adverse effects and safety risks, and to determine optimal dosage
"Phase III clinical trial"	a study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"Pre-IPO Equity Incentive Plan"	the equity incentive plan adopted by the Company that took effect on 23 August 2019
"Reporting Period"	the year ended 31 December 2023
"RMB"	the lawful currency of the PRC
"Shares"	ordinary share(s) with nominal value of US$0.00002 each in the share capital of the Company
"Shareholders"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance

"US" or "United States" or "the U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$" or "U.S. dollars"	the lawful currency of the U.S.

By order of the Board
Cutia Therapeutics
Zhang Lele
Chief Executive Officer and Executive Director

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises (i) Ms. Zhang Lele and Mr. Huang Yuqing as executive Directors; (ii) Dr. Chen Lian Yong, Dr. Xie Qin, Dr. Huang Xiao and Ms. Yang Yunxia as non-executive Directors; and (iii) Mr. Chung Ming Kit, Mr. Tao Tak Yan Dennis and Mr. Ye Xiaoxiang as independent non-executive Directors.