



Cutia Therapeutics

科笛集团

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2487

Interim Report 2024

A large, decorative halftone pattern composed of blue dots of varying sizes, arranged in a grid that tapers off towards the bottom and right edges, creating a sense of depth and movement.

Contents

Corporate Information	2
Highlights	4
Corporate Profile	6
Management Discussion and Analysis	7
Other Information	17
Independent Review Report	34
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	35
Interim Condensed Consolidated Statement of Financial Position	36
Interim Condensed Consolidated Statement of Changes in Equity	38
Interim Condensed Consolidated Statement of Cash Flows	39
Notes to Interim Condensed Consolidated Financial Information	41
Definitions	55

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhang Lele (張樂樂)
Mr. Huang Yuqing (黃雨青)

NON-EXECUTIVE DIRECTORS

Dr. Chen Lian Yong (陳連勇) (*Chairman*)
Dr. Xie Qin (謝沁)
Dr. Huang Xiao (黃瀟)
Ms. Yang Yunxia (楊雲霞)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Ming Kit (鍾明杰)
Mr. Tao Tak Yan Dennis (陶德仁)
Mr. Ye Xiaoxiang (葉曉翔)

AUDIT COMMITTEE

Mr. Chung Ming Kit (鍾明杰) (*Chairman*)
Mr. Ye Xiaoxiang (葉曉翔)
Mr. Tao Tak Yan Dennis (陶德仁)

REMUNERATION COMMITTEE

Mr. Ye Xiaoxiang (葉曉翔) (*Chairman*)
Dr. Chen Lian Yong (陳連勇)
Mr. Chung Ming Kit (鍾明杰)

NOMINATION COMMITTEE

Dr. Chen Lian Yong (陳連勇) (*Chairman*)
Mr. Tao Tak Yan Dennis (陶德仁)
Mr. Chung Ming Kit (鍾明杰)

COMPANY SECRETARY

Ms. Chan Sze Ting (陳詩婷) (*FCG, HKFCG*)

AUTHORISED REPRESENTATIVES

Ms. Zhang Lele (張樂樂)
Ms. Chan Sze Ting (陳詩婷) (*FCG, HKFCG*)

AUDITOR

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

HONG KONG LEGAL ADVISER

Eric Chow & Co. in Association with
Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road
Central
Hong Kong

PRC LEGAL ADVISER

CM Law Firm
Room 2805, Plaza 66 Tower 2
1366 West Nanjing Rd
Shanghai
PRC

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

20/F, Huanzhi Building
436 Heng Feng Road
Jingan District
Shanghai, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Shanghai Pudong Development Bank
Zhangjiang Technology Branch
No. 56, Boyun Road
Zhangjiang Hi-Tech Park
Pudong New District
Shanghai, China

China Merchants Bank
Wuxi New District Branch
1-102 Huirong Plaza
Xinwu District
Wuxi City
Jiangsu Province, China

STOCK CODE

02487

COMPANY WEBSITE

www.cutiatx.com

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 178.3% from approximately RMB34.3 million for the six months ended 30 June 2023 to approximately RMB95.6 million for the six months ended 30 June 2024.
- Gross profit margin increased by approximately 5 percentage points from approximately 48% for the six months ended 31 December 2023 to approximately 53% for the six months ended 30 June 2024.
- Adjusted net loss was approximately RMB161.0 million (non-IFRS adjustment) for the six months ended 30 June 2024. The Group continued to optimize its operating efficiency, and the proportion of adjusted net loss to revenue further narrowed.

BUSINESS HIGHLIGHTS

During the Reporting Period and up to the date of this report, we have made the following significant progress in advancing our product pipeline as well as business operations:

- **Commercialization:**
 - During the “618 campaign”, total GMV of our scalp diseases and care products, and skin care products increased nearly five times year-over-year.
 - Sales volume of our scalp diseases and care products continued to increase and their performances were outstanding. Among them, CUP-MNDE (“Bailleul[®] minoxidil spray) ranked Top 1 on Tmall Global in the category of dermatology drug for 16 consecutive months. Revenue from “HAIRGEOGRA[®] selenium sulfide lotion grew 121 times year-over-year in the first half of 2024. In addition, the proportion of revenue from our scalp diseases and care products other than CUP-MNDE (“Bailleul[®] minoxidil spray) continued to increase. OTC minoxidil liniment, a newly launched product of “HAIRGEOGRA[®] in the first half of 2024, further improved our product portfolio. We were also dedicated in building long-term trust with consumers, the repurchase rate and conversion rate for customer service of the “HAIRGEOGRA[®] flagship store on e-commerce platforms continued to be higher than the industry average.
 - Among our skin care products, “Phyto-C” O-Live series products accounted for more than 70% of the sales volume of our skin care products. We also expanded further into interest-based e-commerce channels, where its revenue contribution increased significantly year-over-year in the first half of 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. The NDA of CU-40102 was accepted by the NMPA in January 2024 and the NDA was submitted to the Department of Health of the Government of Hong Kong in April 2024.
- **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. 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. 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-30101 (localized topical lidocaine and tetracaine cream):** CU-30101 is a localized lidocaine and tetracaine compound topical anesthesia cream for surface dermatologic operations. Drug marketing authorization application for CU-30101 was accepted by the NMPA in July 2024.
- **CU-20401 (recombinant mutant collagenase):** We are conducting a Phase II clinical trial of CU-20401 for submental adipose accumulation in China to evaluate the efficacy and safety of CU-20401. The Phase II clinical trial has completed last patient enrollment in June 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 IND application of CU-10101 was approved by the CDE in May 2024.
- **Manufacturing facilities:** Cutia Wuxi, a wholly-owned subsidiary of the Company, has obtained the “Drug Manufacturing Certificate” issued by the Jiangsu Medical Products Administration in April 2024.

CORPORATE PROFILE

OVERVIEW

Founded in 2019, we are a 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 scalp diseases and care, skin diseases and care, topical anesthesia and localized adipose accumulation management medication. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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. Finasteride can treat androgenetic alopecia in male patients by acting as a 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 and the NDA was submitted to the Department of Health of the Government of Hong Kong in April 2024.

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. 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.

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 and was approved by the CDE in May 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 ester type anesthetic, 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 and its drug marketing authorization application was accepted by the NMPA in July 2024.

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 of CU-20401 for submental adipose accumulation in China to evaluate the efficacy and safety of CU-20401. The Phase II clinical trial has completed last patient enrollment in June 2024. We expect to complete the Phase II clinical trial in 2025 and obtain regulatory approval for commercialization in China in 2028.

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. Our dedicated marketing team has strong market insights and marketing capabilities, and is able to respond quickly to market changes. It continues to deliver excellent marketing output on various e-commerce platforms and social media platforms such as Tmall, JD, Bilibili, Douyin, Zhihu and Xiaohongshu. 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.

With strong product capabilities, sales and operational strengths, the Company has achieved outstanding performance in online sales. During the “618 campaign”, total GMV of our scalp diseases and care products, and skin care products increased nearly five times year-over-year. Sales volume of our scalp diseases and care products continued to increase and their performances were outstanding. Among them, CUP-MNDE (“Bailleul” minoxidil spray) ranked Top 1 on Tmall Global in the category of dermatology drug for 16 consecutive months. Revenue from “HAIRGEOGRA” selenium sulfide lotion grew 121 times year-over-year in the first half of 2024. In addition, the proportion of revenue from our scalp diseases and care products other than CUP-MNDE (“Bailleul” minoxidil spray) continued to increase. OTC minoxidil liniment, a newly launched product of “HAIRGEOGRA” in the first half of 2024, further improved our product portfolio. We were also dedicated in building long-term trust with consumers, the repurchase rate and conversion rate for customer service of the “HAIRGEOGRA” flagship store on e-commerce platforms continued to be higher than the industry average. Among our skin care products, “Phyto-C” O-Live series products accounted for more than 70% of the sales volume of our skin care products. We also expanded further into interest-based e-commerce channels, where their revenue contribution increased significantly year-over-year in the first half of 2024.

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.

Manufacturing Facilities

Our commercial-scale GMP manufacturing facilities with three drug product production lines in Jiangsu Province has commenced operation in 2023. The three production lines cover topical cream, ointment, aerosol, and foam products. The flow and control of the entire manufacturing processes 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.

In addition, Cutia Wuxi, a wholly-owned subsidiary of the Company, has obtained the “Drug Manufacturing Certificate” issued by the Jiangsu Medical Products Administration in April 2024, which is expected to play a long-term constructive role in production capacity expansion and market development of the Company, thus laying the foundation for subsequent commercialization of our product candidates.

KEY EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, our drug candidate has made encouraging progress. For CU-30101, its drug marketing authorization application was accepted by the NMPA in July 2024. For more information, please refer to the announcement of the Company dated 31 July 2024.

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 the second half of 2024, we will continue to accelerate the clinical development of the products in our pipeline.

We are optimistic on the market potential of the online channels and will continue to adhere to our core marketing strategy of online marketing, while exploring into online-to-offline marketing combination. We will also continue to strengthen our sales capabilities and actively develop online marketing campaigns on various e-commerce platforms and social media platforms to increase brand awareness. In addition, we will work closely with renowned physicians to conduct product demonstrations and trainings.

Leveraging on our CATAME® technology platform, our integrated commercialization model, in-depth industry experience and the determination of our team, 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 and certain skin care products ("**Routine Skin Care Products**") during the Reporting Period.

Revenue of the Group increased by 178.3% from RMB34.3 million for the six months ended 30 June 2023 to RMB95.6 million for the six months ended 30 June 2024, which was 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, and Routine Skin Care Products. For the six months ended 30 June 2024, we recorded cost of sales of RMB45.2 million, representing an increase of RMB32.1 million from RMB13.1 million for the six months ended 30 June 2023. Such increase was in line with our business growth.

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 RMB50.3 million for the six months ended 30 June 2024, representing an increase of 136.8% from RMB21.3 million for the six months ended 30 June 2023. Due to the change of product portfolio mix, our gross profit margin decreased from approximately 62% for the six months ended 30 June 2023 to approximately 53% for the corresponding period of 2024, but increased by approximately 5 percentage points from approximately 48% for the six months ended 31 December 2023.

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 the PRC local government authorities during the Reporting Period for the purpose of compensating for our 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 decreased by 44.6% from RMB21.5 million for the six months ended 30 June 2023 to RMB11.9 million for the six months ended 30 June 2024, which was primarily due to (i) a decrease in the receipt of the government grants from the PRC local government authorities to support certain operating activities during the Reporting Period; and (ii) a decrease in our bank interest income resulting from the decrease 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 were 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, and fair value gains on financial assets at fair value through profit or loss. Other gains decreased by 63.5% from RMB32.3 million for the six months ended 30 June 2023 to RMB11.8 million for the six months ended 30 June 2024, which was resulting from a smaller extent of the appreciation of the U.S. dollar against RMB during the Reporting Period as compared to the corresponding increase in 2023, and hence a decrease in the foreign exchange gains.

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 78.3% from RMB58.0 million for the six months ended 30 June 2023 to RMB103.5 million for the six months ended 30 June 2024, 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.

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 six months ended 30 June 2024, we recorded research and development costs of RMB99.0 million, representing an increase of 9.8% as compared to RMB90.1 million for the corresponding period of 2023, which was primarily due to (i) an increase in the number of our research and development personnel; and (ii) an increase in acquisition/licensing-in expenses in line with the achievement of key milestones.

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Staff costs	27,802	23,668
Share-based payment expenses	11,809	22,536
Acquisition/licensing-in expenses	24,385	943
Third-party contracting costs	18,972	26,641
Depreciation and amortization	11,487	11,930
Others	4,553	4,421
Total	99,008	90,139

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 decreased by 23.1% from RMB87.9 million for the six months ended 30 June 2023 to RMB67.6 million for the six months ended 30 June 2024, which was primarily due to the decrease in the share-based payment expenses resulting from the vesting of a portion of share options and restricted share units under the Pre-IPO Equity Incentive Plan.

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

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Staff costs	23,752	24,596
Share-based payment expenses	21,111	39,849
Consulting fees	7,943	4,380
Depreciation and amortization	7,153	8,089
Others	7,641	11,020
Total	67,600	87,934

Finance Costs

During the Reporting Period, our finance costs mainly include interests on bank loans and lease liabilities. Finance costs increased by 182.4% from RMB1.7 million for the six months ended 30 June 2023 to RMB4.8 million for the six months ended 30 June 2024, which was primarily due to the increase in bank loans obtained to finance our daily operation.

Income Tax Expenses

Our income tax expense for the six months ended 30 June 2024 was nil (for the six months ended 30 June 2023: nil).

Fair Value Losses on Convertible Redeemable Preferred Shares

Our fair value losses on convertible redeemable preferred shares decreased from RMB1,454.3 million for the six months ended 30 June 2023 to nil for the corresponding period of 2024, due to the conversion of all of our convertible redeemable preferred shares upon listing.

Loss for the Period

As a result of the foregoing, we recorded a loss of RMB200.9 million for the six months ended 30 June 2024, representing a decrease of RMB1,439.4 million from a loss of RMB1,640.3 million for the six months ended 30 June 2023.

Non-IFRS Measures

To supplement our condensed consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net loss for the period, a non-IFRS measure to present our operating performance. Adjusted net loss for the period, as an additional financial measure, is not required by, or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating impacts of non-cash or non-recurring items that our management considers to be not indicative of our operating performance and provides useful information to Shareholders and investors to evaluate our operating results in the same manner as our management does. However, our presentation of the adjusted net loss for the period may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and Shareholders and investors should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS. We define adjusted net loss for the period as loss for the period adjusted by adding back (i) fair value losses on convertible redeemable preferred shares; (ii) share-based payment expenses; and (iii) listing expenses. We continued to optimize its operating efficiency, and the proportion of adjusted net loss to revenue further narrowed.

The following table reconciles our non-IFRS adjusted net loss for the period with our loss for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period	(200,926)	(1,640,339)
<i>Add:</i>		
Fair value losses on convertible redeemable preferred shares	–	1,454,280
Share-based payment expenses	39,917	72,687
Listing expenses	–	23,342
Non-IFRS adjusted net loss for the period	(161,009)	(90,030)
Proportion of non-IFRS adjusted net loss to revenue for the period	(1.68)	(2.62)

Liquidity and Financial Resources

Our primary uses of cash are to fund (i) R&D activities of our product candidates; and (ii) our daily operation and commercial promotion activities. We financed our operations primarily through equity financing, bank borrowings and cash generated from sale of our in-licensed and distributed scalp diseases and care products (CU-40102, CUP-MNDE and CUP-SFJH), skin diseases and care products (CU-10201), certain scalp diseases and care products and certain skin care products. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

As at 30 June 2024, our total cash and cash equivalents amounted to RMB276.0 million, representing a decrease of 41.7% as compared to RMB473.1 million as at 31 December 2023, which was primarily due to expenditures on research and development, selling and distribution and other operating activities.

As at 30 June 2024, our time deposits over three months amounted to RMB244.0 million, representing a decrease of 26.1% as compared to RMB330.2 million as at 31 December 2023, which was primarily in relation to the maturity of our time deposits.

As at 30 June 2024, our financial assets at fair value through profit or loss amounted to RMB519.1 million, representing an increase of 10.6% as compared to RMB469.3 million as at 31 December 2023, which was primarily due to the increase in our purchase of certain financial products to maximize return on capital.

As at 30 June 2024, our current assets amounted to RMB1,210.1 million, including cash and cash equivalents of RMB276.0 million. Our current liabilities amounted to RMB237.8 million, including interest-bearing bank borrowings of RMB170.3 million.

Details of the maturity profile of interest-bearing bank borrowings as at 30 June 2024 are set out in Note 15 to the interim financial statements.

Indebtedness

The following table sets forth the breakdown of our lease liabilities and interest-bearing bank borrowings as at the dates indicated:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Lease liabilities	53,727	54,344
Interest-bearing bank borrowings	210,332	189,411

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 at 30 June 2024.

Gearing Ratio

As at 30 June 2024, our gearing ratio was 21.2%, as compared with 21.0% as at 31 December 2023. Gearing ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

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 six months ended 30 June 2024.

Capital Commitments

As at 30 June 2024, we had capital commitment of RMB20.1 million for the contracts in relation to acquisition of property, plant and equipment and other intangible assets (as at 31 December 2023: RMB3.2 million).

Future Plans for Material Investments or Capital Assets

As at 30 June 2024, the Group had no concrete plans for material capital expenditure, investments or capital assets. The Company will make further announcement(s) in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

Contingent Liabilities

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

Pledge of Assets

As at 30 June 2024, we did not pledged or charged any assets (as at 31 December 2023: 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 the 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. For the six months ended 30 June 2024, 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).

The net proceeds from the global offering (adjusted on a pro-rata basis based on the actual net proceeds) have been and will be used in accordance with the purposes set out in the Prospectus. The following table sets forth the planned use of the net proceeds, the actual use of the net proceeds during the Reporting Period, and the actual use of the net proceeds as at 30 June 2024:

	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceeds (%)	Unutilized net proceeds as at 1 January 2024 (HK\$ million)	Utilized net proceeds during the Reporting Period (HK\$ million)	Utilized net proceeds as at 30 June 2024 (HK\$ million)	Unutilized net proceeds as at 30 June 2024 (HK\$ million)	Expected time frame for unutilized amount
Use of proceeds from the listing							
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	147.3	1.7	19.3	145.6	by the end of 2029
2. For the local production of CU-20401 in Chinese Mainland	11.8	3.0	11.8	-	-	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	15.8	1.7	29.1	14.1	by the end of 2026
2. For milestone payments of CU-10201	43.2	11.0	43.2	-	-	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	10.6	1.3	19.0	9.3	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	19.1	0.8	10.0	18.3	by the end of 2028
3. For the continuing R&D activities of CU-30101	14.1	3.6	-	-	-	-	
For technology development and business development for pipeline expansion	39.3	10.0	14.7	-	24.6	14.7	by the end of 2025
For our working capital and other general corporate purposes	19.6	5.0	-	-	-	-	
Total	392.7	100.0	262.5	5.5	102.0	257.0	

Employees and Remuneration

As at 30 June 2024, the Group had a total of 360 employees. The total remuneration cost of the Group for the six months ended 30 June 2024 was RMB113.7 million, as compared to RMB134.4 million for the six months ended 30 June 2023, which was primarily due to the decrease in share-based payment expenses. The following table sets forth the total number of employees by function as at 30 June 2024:

Function	Number	Percentage of total
R&D	50	13.9%
Manufacturing and Quality Control	57	15.8%
Medical and Regulatory Affairs	47	13.1%
Sales, Marketing and Administration	206	57.2%
Total	360	100.0%

The remuneration of the employees of the Group comprises salaries, bonuses, employees' provident fund, share-based payment, 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.

To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

OTHER INFORMATION

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

As at 30 June 2024, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the 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 under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Underlying Shares of the Pre-IPO Equity Incentive Plan

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding (%)
Zhang Lele	Beneficial owner	27,524,275	9.03
Huang Yuqing	Beneficial owner	4,750,000	1.56

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding (%)
6 Dimensions Capital, L.P. ("6 Dimensions LP") ^(Note 3)	Beneficial owner	61,771,710	20.27
6 Dimensions Capital GP, LLC ^(Note 3)	Interest in controlled corporation	65,022,855	21.34
Suzhou 6 Dimensions Venture Capital Partnership L.P. (蘇州通和毓承投資合夥企業 (有限合夥)) ^(Note 1)	Beneficial owner	60,516,000	19.86
Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) ("Tongyu Investment") ^(Note 1)	Interest in controlled corporation	60,516,000	19.86
Suzhou Frontline BioVentures Venture Capital Fund II L.P. (蘇州通和二期創業投資合夥企業(有限合夥)) ("Suzhou Frontline II") ^(Note 1)	Beneficial owner	25,935,425	8.51
Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業 (有限合夥)) ("Fuyan VC") ^(Note 1)	Interest in controlled corporation	25,935,425	8.51
Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) ("Yunchang Investment") ^(Note 1)	Interest in controlled corporation	86,451,425	28.37
Mr. Chen Ziqing ^(Note 1)	Interest in controlled corporation	86,451,425	28.37
Aurora Cutis Limited ^(Note 2)	Beneficial owner	54,019,020	17.73
Futu Trustee Limited ^(Note 2)	Interest in controlled corporation	54,019,020	17.73
YF Dermatology Limited ^(Note 4)	Beneficial owner	39,607,400	12.99
Yunfeng Fund III, L.P. ("Yunfeng LP") ^(Note 4)	Interest in controlled corporation	39,607,400	12.99
Yunfeng Investment III, Ltd. ("Yunfeng GP") ^(Note 4)	Interest in controlled corporation	39,607,400	12.99
Yunfeng Capital Limited ("Yunfeng Capital") ^(Note 4)	Interest in controlled corporation	39,607,400	12.99
Mr. Ma Yun ^(Note 4)	Interest in controlled corporation	40,000,000	13.13

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding (%)
Mr. Yu Feng ^(Note 4)	Interest in controlled corporation	39,607,400	12.99
HongShan Capital Growth Fund V, L.P. ("HongShan Growth Fund V") ^(Note 5)	Interest in controlled corporation	25,714,285	8.44
HSG Growth V Holdco Q, Ltd ("HSG Growth") ^(Note 5)	Beneficial owner	25,714,285	8.44
HSG Growth V Management, L.P. ("HSG Management") ^(Note 5)	Interest in controlled corporation	25,714,285	8.44
HSG Holding Limited ^(Note 5)	Interest in controlled corporation	25,714,285	8.44
SNP China Enterprises Limited ^(Note 5)	Interest in controlled corporation	25,714,285	8.44
Mr. Neil Nanpeng Shen ^(Note 5)	Interest in controlled corporation	25,714,285	8.44
FIL Limited ^(Note 6)	Interest in controlled corporation	17,440,385	5.72
Pandanus Partners L.P. ^(Note 6)	Interest in controlled corporation	17,440,385	5.72
Pandanus Associates Inc. ^(Note 6)	Interest in controlled corporation	17,440,385	5.72

Notes:

1. Suzhou 6 Dimensions is a limited partnership whose general partner is Tongyu Investment. As such, under the SFO, Tongyu Investment is deemed to be interested in the Shares held by Suzhou 6 Dimensions.

Suzhou Frontline II is a limited partnership whose general partner is Fuyan VC. As such, under the SFO, Fuyan VC is deemed to be interested in the Shares held by Suzhou Frontline II.

Tongyu Investment and Fuyan VC are limited partnerships whose general partner is Yunchang Investment, which is wholly-owned by Mr. Chen Ziqing. As such, under the SFO, each of Yunchang Investment and Mr. Chen Ziqing is deemed to be interested in the Shares held by Suzhou 6 Dimensions and Suzhou Frontline II.

2. Upon exercise of the options and settlement of the share awards granted under the Pre-IPO Equity Incentive Plan, a total of 53,642,920 Shares under the options and share awards granted under the Pre-IPO Equity Incentive Plan will be issued to Aurora Cutis Limited, a company incorporated in BVI and wholly owned by Futu Trustee Limited (the "Trustee"), the trustee of Aurora Cutis Employee Trust ("Trust I"), the trust set up by the Company to facilitate the administration of the Pre-IPO Equity Incentive Plan. Pursuant to the trust deed of Trust I, all options and share awards will be held by Aurora Cutis Limited and administered under Trust I by the Trustee, solely for the benefit of the identified grantees under the Pre-IPO Equity Incentive Plan. By virtue of the SFO, Futu Trustee Limited is deemed to be interested in the options and share awards held by Aurora Cutis Limited. From the Listing Date to 30 June 2024, 376,100 Shares were cancelled in Trust I.
3. 6 Dimensions LP and 6 Dimensions Affiliates Fund, L.P. ("6 Dimensions Affiliates") are limited partnerships whose general partner is 6 Dimensions Capital GP, LLC. As such, under the SFO, 6 Dimensions Capital GP, LLC is deemed to be interested in Shares held by 6 Dimensions LP and 6 Dimensions Affiliates.

4. YF Dermatology Limited is a private company controlled by Yunfeng LP, whose general partner is Yunfeng GP. Yunfeng GP is solely managed by Yunfeng Capital, which in turn is controlled by Mr. Yu Feng and Mr. Ma Yun as to 60% and 40%, respectively. As such, under the SFO, each of Yunfeng LP, Yunfeng GP, Yunfeng Capital, Mr. Yu Feng and Mr. Ma Yun is deemed to be interested in the Shares held by YF Dermatology Limited.
5. HongShan Growth is a wholly-owned subsidiary of HongShan Growth Fund V, whose general partner is HSG Management and the general partner of HSG Management is HSG Holding Limited. HSG Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen. As such, under the SFO, each of HongShan Growth Fund V, HSG Management, HSG Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in the Shares held by HongShan Growth.
6. Fidelity China Special Situations PLC, Fidelity Investment Funds and Fidelity Funds, are advised or sub-advised by FIL Investment Management (Hong Kong) Limited, which are ultimately controlled by FIL Limited. FIL Limited is controlled by Pandanus Partners L.P., whose general partner is Pandanus Associates Inc.. As such, under the SFO, each of FIL Investment Management (Hong Kong) Limited, FIL Limited, Pandanus Partners L.P. and Pandanus Associates Inc. is deemed to be interested in Shares held by Fidelity China Special Situations PLC, Fidelity Funds and Fidelity Investment Funds. On 5 March 2024, Fidelity Funds ceased to be the substantial shareholder of the Company due to disposal of shares.

Save as disclosed above, as at 30 June 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed “Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) for the six months ended 30 June 2024.

Subsequent to 30 June 2024 and up to the date of this report, the Company had repurchased a total of 585,800 Shares of the Company (the “**Repurchased Shares**”) on the Stock Exchange (the “**Share Repurchase**”). The aggregate purchase price paid for the Repurchased Shares was approximately HK\$4.2 million. The Repurchased Shares represented approximately 0.19223% of the issued shares (excluding treasury shares) as at the date of the resolution granting the repurchase mandate.

Details of the Repurchased Shares are as follows:

Month of repurchase	Events	Number of shares repurchased	Highest repurchase price per share (HK\$)	Lowest repurchase price per share (HK\$)	Aggregate price paid (HK\$)
2024					
July	Repurchase of shares (shares held as treasury shares)	585,800	7.6	6.93	4,207,186.4
Total		585,800			4,207,186.4

Subsequent to the Share Repurchase, the Repurchased Shares were accounted for as treasury shares and the total number of issued shares of the Company remain unchanged at 304,738,625 shares.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As at the date of this report, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2024. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

EQUITY INCENTIVE PLANS

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of Shares of the Company for the six months ended 30 June 2024 is 0% as no option or award was granted under all schemes of the Company during the six months ended 30 June 2024.

The following is a summary of the principle terms of the Pre-IPO Equity Incentive Plan, which was adopted by the Company and took effect on 23 August 2019.

1. Pre-IPO Equity Incentive Plan

(a) *Purpose*

The purpose of the Pre-IPO Equity Incentive Plan is to promote the success of the Company and the interests of its Shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Company's Shareholders generally.

(b) *Eligibility*

An officer (whether or not a director) or employee of the Company or any of its affiliates, any member of the Board or any director of one of the Company's affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its affiliates.

(c) *Maximum number of Shares*

Under the Pre-IPO Equity Incentive Plan, the maximum number of Shares that may be delivered pursuant to options and share awards (the "**Awards**") granted under the Pre-IPO Equity Incentive Plan will not exceed the limit as duly approved by the shareholders of the Company from time to time. The maximum number of Shares the Company is authorized to issue is 70,685,670 Shares upon the completion of Share Subdivision as defined in the Prospectus under the Pre-IPO Equity Incentive Plan.

As at the date of this report, the total number of Shares available for issue under the Pre-IPO Equity Incentive Plan was 68,288,260 Shares, representing 22.4% of the issued Shares of the Company.

(d) *Maximum entitlement of each participant*

The terms of the Pre-IPO Equity Incentive Plan have no limit on the maximum entitlement of each participant.

(e) *Administration*

The Pre-IPO Equity Incentive Plan shall be administered, and all Awards under the Pre-IPO Equity Incentive Plan shall be authorized, by the administrator. The “administrator” means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of the Pre-IPO Equity Incentive Plan. The administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its affiliates or to third parties.

Aurora Cutis Limited is a company incorporated in BVI and wholly owned by Futu Trustee Limited, the trustee of Trust I, the trust set up by the Company on 25 October 2021. Pursuant to the trust deed of Trust I, options and share awards with 53,642,920 underlying Shares will be held by Aurora Cutis Limited and administered under Trust I by the Trustee, solely for the benefit of the identified grantees (collectively “**Trust Beneficiaries Group I**”) under the Pre-IPO Equity Incentive Plan. From the Listing Date to 30 June 2024, 376,100 Shares were cancelled in Trust I.

Aurora Cutis Employee II Trust (“**Trust II**”) was set up by the Company with Futu Trustee Limited as the Trustee on 1 December 2023. Pursuant to the trust deed of Trust II, upon exercise of the options and settlement of the share awards granted under the Pre-IPO Equity Incentive Plan, 8,572,580 Shares will be issued to and held by the Trustee and administered under Trust II by the Trustee, solely for the benefit of the identified grantees (collectively “**Trust Beneficiaries Group II**”) under the Pre-IPO Equity Incentive Plan.

Trust I and Trust II were set up by the Company to facilitate the administration of the Pre-IPO Equity Incentive Plan.

Pursuant to agreements between the grantees and the Company, 6,786,920 Shares will be held by the grantees directly upon the exercise of options and/or delivery of share awards.

(f) *Awards*

The Pre-IPO Equity Incentive Plan is divided into two separate equity programs: (1) the option and share appreciation rights (the “**SAR**”) grant program under which eligible persons may, at the discretion of the administrator, be granted options and/or SARs, and (2) the share award program under which eligible persons may, at the discretion of the administrator, be awarded restricted or unrestricted Shares or restricted share units.

(g) *Period of the Pre-IPO Equity Incentive Plan*

The Pre-IPO Equity Incentive Plan is effective for a period of 10 years from 23 August 2019 and the remaining life of the Pre-IPO Equity Incentive Plan as at the date of this report is around 5 years.

Options and SAR

(a) Award agreement and general

Each option or SAR shall be evidenced by an award agreement (the “**Award Agreement**”) in the form approved by the administrator. The Award Agreement evidencing an option or SAR shall contain the terms established by the administrator for that Award and any other terms, provisions, or restrictions that the administrator may impose on the option or SAR or any Shares subject to the option or SAR. The administrator may require that the recipient of an option or SAR promptly execute and return to the Company his or her Award Agreement evidencing the Award. In addition, the administrator may require that the spouse of any married recipient of an option or SAR also promptly execute and return to the Company the Award Agreement evidencing the Award granted to the recipient or such other spousal consent form that the administrator may require in connection with the grant of the Award.

(b) Price

The administrator will determine the purchase price per share of the Shares covered by each option (the “**exercise price**” of the option) at the time of the grant of the option, which exercise price will be set forth in the applicable Award Agreement, with the following factors.

- (i) the par value of Share;
- (ii) subject to clause (iii) below, 100% of the fair market value of a Share on the date of grant; or
- (iii) in the case of an option granted to a participant, possessing more than 10% of the total combined voting power of all classes of shares of the Company, 110% of the Fair market value of a Share on the date of grant.

The administrator will determine the base price per share of the Shares covered by each SAR at the time of the grant of the SAR, which base price will be set forth in the applicable Award Agreement and will not be less than 100% of the fair market value of a Share on the date of grant of the SAR.

(c) Vesting, term and exercise

An option or SAR may be exercised only to the extent that it is vested and exercisable. The administrator will determine the vesting and/or exercisability provisions of each option or SAR (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the administrator otherwise expressly provides, once exercisable an option or SAR will remain exercisable until the expiration or earlier termination of the option or SAR.

Each option and SAR shall expire not more than 10 years after its date of grant. Any exercisable option or SAR will be deemed to be exercised when (a) the applicable exercise procedures in the related Award Agreement have been satisfied (or, in the absence of any such procedures in the related Award Agreement, the Company has received written notice of such exercise from the participant), and (b) in the case of an option, the Company has received any required payment, and (c) in the case of an option or SAR, the Company has received any written statement.

(d) Termination of employment

Unless otherwise provided in the applicable Award Agreement, if a participant’s employment by or service to the Company or any of its affiliates is terminated by such entity for cause, the participant’s option or SAR will terminate on the participant’s severance date, whether or not the option or SAR is then vested and/or exercisable.

Share Award Program

(a) General

Each share award shall be evidenced by an Award Agreement in the form approved by the administrator. The Award Agreement evidencing a share award shall contain the terms established by the administrator for that share award, as well as any other terms, provisions, or restrictions that the administrator may impose on the share award (including, but not limited to, the number of Shares subject to such share award); in each case subject to the applicable provisions and limitations of this Plan. The administrator may require that the recipient of a share award promptly execute and return to the Company his or her Award Agreement evidencing the share award. In addition, the administrator may require that the spouse of any married recipient of a share award also promptly execute and return to the Company the Award Agreement evidencing the share award granted to the recipient or such other spousal consent form that the administrator may require in connection with the grant of the share award.

(b) Price

The administrator will determine the purchase price per share of the Shares covered by each share awards at the time of grant of the Award. In no case will such purchase price be less than the par value of the Shares.

(c) Vesting, settlement and term

The restrictions imposed on the Shares subject to a restricted share award and the vesting conditions applicable to each restricted share unit award (which may in each case be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement. Unless otherwise set forth in an Award Agreement, a restricted share unit award may, in the discretion of the administrator, be settled in Shares or cash (or a combination thereof).

Any payment of cash or delivery of shares in payment for a share award, if applicable, may be delayed until a future date if specifically authorized by the administrator in writing and by the participant.

Below is a list of the grantees of the outstanding options who are (i) Directors, (ii) senior management (other than connected persons), (iii) consultants and (iv) other employees, of the Company under the Pre-IPO Equity Incentive Plan.

As at 1 January 2024, no option was available for grant under the Pre-IPO Equity Incentive Plan. In connection with the listing of the Shares on the Stock Exchange on 12 June 2023, the Board has approved that upon listing, the Company will not grant any additional options under the Pre-IPO Equity Incentive Plan. Accordingly, no option was available for grant under the Pre-IPO Equity Incentive Plan as at the Listing Date and 30 June 2024, respectively.

As at 30 June 2024, pursuant to the Pre-IPO Equity Incentive Plan, the Company had granted:

- (i) to directors, senior management, consultants and employees of the Group outstanding options to subscribe for 32,541,145 Shares, representing approximately 10.7% of the total issued share capital of the Company as at 30 June 2024 and as at the date of this report.
- (ii) to the five highest paid individuals of the Group outstanding options to subscribe for 23,474,440 Shares, representing approximately 7.7% of the total issued share capital of the Company as at 30 June 2024.
- (iii) to other grantees (excluding directors and the five highest paid individuals) of the Group outstanding options to subscribe for 9,066,705 Shares, representing approximately 3.0% of the total issued share capital of the Company as at 30 June 2024.

Name and category of participant	Date of grant	Exercise Price	Fair value per share as at grant date	As at 1 January 2024	Number of options			As at 30 June 2024	Vesting Period	Exercise Period
					Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period			
Directors										
Ms. Zhang Lele	23 August 2019	US\$0.06	US\$0.26918	10,285,715	-	-	-	10,285,715	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62362	6,988,325	-	-	-	6,988,325	5 years ⁽¹⁾	10 years from the vesting commencement date
	19 October 2022	US\$0.06	US\$1.19946	202,195	-	-	-	202,195	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Mr. Huang Yuqing	19 October 2022	US\$0.396	US\$0.93300	49,965	-	-	-	49,965	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
	10 July 2021	US\$0.06	US\$0.95794	592,010	-	-	-	592,010	5 years ⁽¹⁾	10 years from the vesting commencement date
	10 July 2021	US\$0.396	US\$0.70828	1,711,195	-	-	-	1,711,195	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	27,970	-	-	-	27,970	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Senior Management (Except for Ms. Zhang Lele and Mr. Huang Yuqing)										
Mr. Zhu Qi	28 February 2020	US\$0.06	US\$0.26918	1,714,285	-	-	-	1,714,285	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62362	385,715	-	-	-	385,715	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	29,320	-	-	-	29,320	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Mr. Lei Lei	24 April 2020	US\$0.06	US\$0.26934	450,000	-	-	-	450,000	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62782	500,000	-	-	-	500,000	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	20,220	-	-	-	20,220	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date

Name and category of participant	Date of grant	Exercise Price	Fair value per share as at grant date	Number of options			As at 30 June 2024	Vesting Period	Exercise Period	
				As at 1 January 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period				Lapsed during the Reporting Period
Ms. Zhang Chunna	28 February 2020	US\$0.06	US\$0.26970	1,028,570	-	-	-	1,028,570	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62782	271,430	-	-	-	271,430	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	22,915	-	-	-	22,915	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Ms. Xu Jingxin	15 September 2020	US\$0.06	US\$0.87714	308,570	-	-	-	308,570	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.64578	191,430	-	-	-	191,430	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	17,525	-	-	-	17,525	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Mr. Wu Jiaru	28 February 2020	US\$0.06	US\$0.26918	642,855	-	-	-	642,855	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62362	307,145	-	-	-	307,145	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	16,850	-	-	-	16,850	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Consultants										
Dr. Steven Brian Landau MD	23 August 2019	nil	US\$0.04040	1,097,145	-	-	-	1,097,145	Vested at the date of grant	10 years from the vesting commencement date
Dr. Zhang Jie	28 February 2020	US\$0.06	US\$0.26892	857,145	714,160	-	-	142,985	5 years ⁽¹⁾	10 years from the vesting commencement date
Ms. Zhang Jingyuan	15 September 2020	US\$0.06	US\$0.87690	34,285	-	-	-	34,285	5 years ⁽¹⁾	10 years from the vesting commencement date
Other employees	From 28 February 2020 to 19 October 2022	US\$0.06 to US\$0.396	US\$0.26888 to US\$1.29184	5,502,525	-	-	-	5,502,525	5 years or 5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Total				33,255,305	714,160	-	-	32,541,145		

Notes:

- (1) The Grantees will vest in twenty percent of the option on the one year anniversary of the vesting commencement date and an additional one sixtieth of the option upon each successive month (or if there is no corresponding day, on the last day of such month) for the next 48 months following such one-year anniversary, subject generally to the Grantees continuing to be an employee of the Company through each such date (the “**Time-Based Vesting**”).
- (2) Subject to the fulfilment of the Time-Based Vesting set forth above, the option only become vested on each Time-Based Vesting Date, subject to the Grantee’s continued employment with the Company through the applicable Time-Based Vesting Date and the achievement of the applicable performance target for the applicable fiscal year of the Company ending immediately prior to the applicable Time-Based Vesting Date (the “**Performance-Based Vesting**”, each such fiscal year, a “**Fiscal Year**”, and each such performance target, a “**Performance Target**”). Each Performance Target shall be decided by the Company annually, initially the Performance Target shall be the Grantee has received at least three points in the Performance Target annual review.
- (3) The weighted average closing price immediately before the date on which the share options were exercised as set out in the table above, was HK\$9.6 per share.

Below is a list of the grantees of the outstanding share awards who are (i) connected persons, (ii) senior management (other than connected persons), and (iii) other employees (who are all current employees but not Directors, members of senior management, consultants or connected persons of the Company) under the Pre-IPO Equity Incentive Plan.

As at 1 January 2024, no share award was available for grant under the Pre-IPO Equity Incentive Plan. In connection with the listing of the Shares on the Stock Exchange on 12 June 2023, the Board has approved that upon listing, the Company will not grant any additional share awards under the Pre-IPO Equity Incentive Plan. Accordingly, no share award was available for grant under the Pre-IPO Equity Incentive Plan as at the Listing Date and 30 June 2024, respectively.

As at 30 June 2024, pursuant to the Pre-IPO Equity Incentive Plan, the Company had granted:

- (i) to directors, senior management and employees of the Group outstanding share awards to subscribe for 35,747,115 Shares, representing approximately 11.7% of the total issued share capital of the Company as at 30 June 2024 and as at the date of this report.
- (ii) to the five highest paid individuals of the Group outstanding share awards to subscribe for 20,049,835 Shares, representing approximately 6.6% of the total issued share capital of the Company as at 30 June 2024.
- (iii) to other grantees (excluding directors and the five highest paid individuals) of the Group outstanding share awards to subscribe for 15,697,280 Shares, representing approximately 5.2% of the total issued share capital of the Company as at 30 June 2024.

Name and category of participant	Date of grant	Fair value per share as at grant date	As at 1 January 2024	Number of share awards			As at 30 June 2024	Vesting Period
				Vested ⁽³⁾ during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Directors								
Ms. Zhang Lele	19 October 2022	US\$1.25838	9,248,075	-	-	-	9,248,075	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	750,000	-	-	-	750,000	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Mr. Huang Yuqing	28 February 2022	US\$1.35096	1,580,100	-	-	-	1,580,100	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	838,725	-	-	-	838,725	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Senior Management (Except for Ms. Zhang Lele and Mr. Huang Yuqing)								
Mr. Zhu Qi	28 February 2022	US\$1.35096	1,970,450	-	-	-	1,970,450	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	650,230	-	-	-	650,230	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Mr. Lei Lei	28 February 2022	US\$1.35096	1,857,205	-	-	-	1,857,205	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	422,575	-	-	-	422,575	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Ms. Zhang Chunna	28 February 2022	US\$1.35096	1,881,500	-	-	-	1,881,500	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	45,585	-	-	-	45,585	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Ms. Xu Jingxin	28 February 2022	US\$1.35096	1,932,915	-	-	-	1,932,915	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	799,560	-	-	-	799,560	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Mr. Wu Jiaru	28 February 2022	US\$1.35096	1,389,340	-	-	-	1,389,340	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	393,810	-	-	-	393,810	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Other employees	From 1 December 2021 to 20 November 2022	US\$1.25838- US\$1.35096	11,987,045	-	-	-	11,987,045	4 years and Performance-Based Vesting or 4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Total			35,747,115	-	-	-	35,747,115	

Notes:

- (1) 25% of the restricted shares units (the “**RSUs**”) shall vest on the one year anniversary (or for share awards granted in November 2022, one and a half years anniversary) of the vesting commencement date and an additional 25% of the RSUs upon each successive one year anniversary for the next 3 years following such one-year anniversary, subject generally to the Awardees continuing to be an employee of the Company through each such date.
- (2) Subject to the fulfilment of the Time-Based Vesting set forth above, the share awards only become vested on each Time-Based Vesting Date, subject to the Grantee’s continued employment with the Company through the applicable Time-Based Vesting Date and the achievement of the applicable performance target for the applicable fiscal year of the Company ending immediately prior to the applicable Time-Based Vesting Date (the “**Performance-Based Vesting**”, each such fiscal year, a “**Fiscal Year**”, and each such performance target, a “**Performance Target**”). Each Performance Target shall be decided by the Company annually, initially the Performance Target shall be the Grantee has received at least three points in the Performance Target annual review.
- (3) According to the Pre-IPO Equity Incentive Plan, upon vesting of the share awards, the participants are required to pay the stipulated purchase price before the Company issues certificates evidencing the Shares awarded pursuant to the share awards. The consideration paid upon delivery of each Share underlying the share awards is US\$0.00002.

2. Post-IPO Equity Incentive Plan

The Post-IPO Equity Incentive Plan was conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolution of our then shareholders on 30 May 2023.

(a) *Purpose*

The purpose of the Post-IPO Equity Incentive Plan is to incentivize and reward the Eligible Participants (as defined below) for their contribution to the Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

(b) *Eligible Participants*

The Board (which expression shall, for the purpose of this paragraph, include the Board or a duly authorized committee thereof) may, at its absolute discretion, offer to grant an option or a share award to subscribe for such number of Shares as the Board may determine to (a) an employee (whether full time or part-time) or a director of our Company or any of its subsidiaries (the “**Eligible Employee(s)**”) and (b) a consultant who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group (“**Service Provider(s)**”, together with the Eligible Employees referred as the “**Eligible Participant(s)**”).

For the avoidance of doubt, Service Providers shall exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and any professional service providers such as auditors or valuers.

The eligibility of any Eligible Employees shall be determined by the Board from time to time on the basis of the Board’s opinion as to, among others, the participant’s individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the actual or potential contribution to the development and growth of the Group.

The eligibility of any Service Providers shall be determined by the Board from time to time on the basis of the Board's opinion as to, among others, their contribution to the development and growth of the Group, the prevailing market practice and industry standard, the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Service Providers has established with the Group, and the amount of support, assistance, guidance, advice, efforts and contributions the Service Providers has exerted and given towards the success of the Group, and/or whether the person is regarded as a valuable consultant of the Group, taking into account the knowledge, experience, qualification, expertise and reputation of the Service Providers or other relevant factors (including without limitation technical know-how, market competitiveness, synergy between him/her and the Group and his/her strategic value).

(c) *Maximum number of Shares*

- (i) Subject to paragraphs (iv) and (v) below, the total number of Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Equity Incentive Plan shall not in aggregate exceed 10% of the relevant class of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange (the "**Plan Mandate Limit**"), being 30,402,446 Shares (excluding any Shares which may be issued upon the exercise of the Over-allotment Option). Options and share awards lapsed in accordance with the terms of the Post-IPO Equity Incentive Plan will not be counted for the purpose of calculating the Plan Mandate Limit. As at 1 January 2024 and 30 June 2024, the number of options and share awards available for grant under the Post-IPO Equity Incentive Plan was both 30,402,446 Shares. As at the date of this report, the total number of Shares available for issue under the Post-IPO Equity Incentive Plan was 30,402,446 Shares, representing 9.98% of the issued Shares of the Company.
- (ii) Subject to paragraph (i) above, within the Plan Mandate Limit, the total number of Shares which may be issued upon exercise of all options and share awards to be granted to Service Providers shall not exceed 1% of the relevant class of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 3,040,244 Shares (the "**Service Providers Sublimit**"). As at 1 January 2024 and 30 June 2024, the number of options and share awards available for grant under the Service Provider Sublimit was both 3,040,244 Shares.
- (iii) Subject to paragraph (iv) below, the Plan Mandate Limit and the Service Providers Sublimit may be refreshed at any time after three years from the date of Shareholders' approval for the last refreshment (or the date on which the Post-IPO Equity Incentive Plan is adopted, as the case may be) by approval of the Shareholders in general meeting provided that (1) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of our Company and their respective associates) must abstain from voting in favor of the relevant resolution at the general meeting; and (2) our Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules. The requirements under (1) and (2) of this paragraph do not apply if the refreshment is made immediately after an issue of securities by our Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the plan mandate (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the plan mandate immediately before the issue of securities, rounded to the nearest whole Share.
- (iv) The total number of Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Equity Incentive Plan and any other plans of our Company under the plan mandate as refreshed must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed plan mandate.

(v) Without prejudice to paragraph (iv) above, our Company may seek separate Shareholders' approval in a general meeting to grant options and/or share awards beyond the Plan Mandate Limit to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options and/or share awards to be granted, the purpose of granting options and/or share awards to the specified participants with an explanation as to how the terms of the options and/or share awards will serve such purpose and all other information required under the Listing Rules.

(d) *Maximum entitlement of a grantee*

Where any grant of options or share awards to a participant would result in the Shares issued and to be issued upon exercise of all options and/or share awards granted and to be granted to such participant (excluding any options and share awards lapsed in accordance with the terms of the Post-IPO Equity Incentive Plan) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options and/or share awards to be granted to such participant must be fixed before Shareholders' approval.

(e) *Grant, exercise and vesting period of options and share awards*

An offer of the grant of an option or a share award shall be made to any Eligible Participants by letter in such form as the Board or a duly authorized committee thereof may from time to time determine specifying the number of Shares, the vesting period, the subscription price, the option period, the date by which the grant must be accepted and further requiring the Eligible Participants to hold the option or share award on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Equity Incentive Plan.

An option may be exercised in accordance with the terms of the Post-IPO Equity Incentive Plan at any time during a period to be determined and notified by the Board to each grantee, which period may commence on a day falling at least 12 months after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Equity Incentive Plan. The minimum period for which an option or a share award must be held before it can be vested or exercised (if applicable) shall be 12 months from the date of grant of such option or share award.

(f) *Subscription price*

The amount payable for each Share to be subscribed for under an option (the “**Subscription Price**”) in the event of the option being exercised shall be determined by the Board or a duly authorized committee thereof at its absolute discretion, which shall be not less than the highest of:

- (i) the nominal value of a Share;
- (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; and
- (iii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant.

The amount payable for each Share to be subscribed for under a share award (the “**Purchase Price**”) shall be determined by the Board or a duly authorized committee thereof at its absolute discretion, based on considerations such as the prevailing closing price of the Shares, the purpose of the share award and the contribution of the Eligible Participant.

(g) *Duration*

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

No options or share awards had been granted or agreed to be granted under the Post-IPO Equity Incentive Plan since the Listing Date and up to the date of this report. Options and share awards to subscribe for 30,402,446 Shares remained available for grant as at both 1 January 2024 and 30 June 2024.

(h) *Period of the Post-IPO Equity Incentive Plan*

The Post-IPO Equity Incentive Plan is effective for a period of 10 years from 30 May 2023 and the remaining life of the Post-IPO Equity Incentive Plan as at the date of this report is around 9 years.

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code and has complied with all applicable code provisions for the six months ended 30 June 2024.

CHANGE IN INFORMATION OF DIRECTORS

Subsequent to 30 June 2024 and up to the date of this report, Mr. Chung Ming Kit, an independent non-executive Director, ceased to be a Chief Financial Officer and Company Secretary of Computime Group Limited (the share of which are listed on the Main Board of the Stock Exchange, Stock Code: 320) in July 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Chung Ming Kit, Mr. Tao Tak Yan Dennis and Mr. Ye Xiaoxiang. Mr. Chung Ming Kit is the chairman of the Audit Committee.

The term of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee had reviewed together with the management and external auditor the accounting principles and policies adopted by the Company and the unaudited interim condensed consolidated financial information for the six months ended 30 June 2024.

LOAN AGREEMENT

During the Reporting Period, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

ISSUE OF EQUITY SECURITIES

During the six months ended 30 June 2024, the Company did not issue any equity securities (including securities convertible into equity securities) or sale of treasury shares for cash.

INTERIM DIVIDEND

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

AUDITOR

The Shares were listed on the Stock Exchange on 12 June 2023, and there has been no change in auditor since the Listing Date. The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been reviewed by Ernst & Young, the independent auditor of the Company, 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.

On Behalf of the Board
Cutia Therapeutics
Zhang Lele

Chief Executive Officer and Executive Director

Hong Kong, 29 August 2024

INDEPENDENT REVIEW REPORT



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Cutia Therapeutics
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 35 to 54, which comprises the condensed consolidated statement of financial position of Cutia Therapeutics (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other 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 the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of 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

29 August 2024

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

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	95,575	34,343
Cost of sales		(45,240)	(13,083)
Gross profit		50,335	21,260
Other income and gains	4	23,707	53,844
Selling and distribution expenses		(103,486)	(58,032)
Research and development costs		(99,008)	(90,139)
Administrative expenses		(67,600)	(87,934)
Fair value losses on convertible redeemable preferred shares		–	(1,454,280)
Other expenses		(28)	–
Finance costs	6	(4,846)	(1,716)
Listing expenses		–	(23,342)
LOSS BEFORE TAX	5	(200,926)	(1,640,339)
Income tax expense	7	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(200,926)	(1,640,339)
Attributable to:			
Owners of the parent		(200,926)	(1,640,339)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	(0.66)	(15.84)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	176,392	177,664
Right-of-use assets		46,970	48,344
Other intangible assets		8,204	7,810
Amounts due from related parties	18	36,462	36,494
Prepayments, other receivables and other assets	11	29,648	20,169
Total non-current assets		297,676	290,481
CURRENT ASSETS			
Inventories		64,722	45,314
Trade receivables	12	53,309	62,198
Prepayments, other receivables and other assets	11	51,645	34,855
Amounts due from related parties	18	1,332	1,300
Financial assets at fair value through profit or loss ("FVTPL")	13	519,087	469,337
Time deposits over three months		243,959	330,192
Cash and cash equivalents		276,047	473,120
Total current assets		1,210,101	1,416,316
CURRENT LIABILITIES			
Trade and other payables	14	55,385	113,603
Lease liabilities		12,060	11,374
Deferred income		–	400
Interest-bearing bank borrowings	15	170,332	129,411
Total current liabilities		237,777	254,788
NET CURRENT ASSETS		972,324	1,161,528
TOTAL ASSETS LESS CURRENT LIABILITIES		1,270,000	1,452,009

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		41,667	42,970
Interest-bearing bank borrowings	15	40,000	60,000
Total non-current liabilities		81,667	102,970
Net assets		1,188,333	1,349,039
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	43	43
Reserves		1,188,290	1,348,996
Total equity		1,188,333	1,349,039

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Ordinary share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2024 (audited)	43	4,685,887	293,824	(680,845)	(2,949,870)	1,349,039
Loss and total comprehensive loss for the period (unaudited)	-	-	-	-	(200,926)	(200,926)
Recognition of share- based payment expenses (unaudited)	-	-	39,917	-	-	39,917
Shares issued upon exercise of equity-settled share- based payment (unaudited) (note 16)	-*	303	-	-	-	303
At 30 June 2024 (unaudited)	43	4,686,190	333,741	(680,845)	(3,150,796)	1,188,333

	Ordinary share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total (deficits)/ equity RMB'000
At 1 January 2023 (audited)	11	259,156	161,474	(680,845)	(986,112)	(1,246,316)
Loss and total comprehensive loss for the period (unaudited)	-	-	-	-	(1,640,339)	(1,640,339)
Recognition of share- based payment expenses (unaudited)	-	-	72,687	-	-	72,687
Shares issued upon initial public offering (note 16) (unaudited)	3	406,068	-	-	-	406,071
Conversion of convertible redeemable preferred shares to ordinary shares upon initial public offering (note 16) (unaudited)	29	4,024,273	-	-	-	4,024,302
At 30 June 2023 (unaudited)	43	4,689,497	234,161	(680,845)	(2,626,451)	1,616,405

* The amounts are less than RMB1,000.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(200,926)	(1,640,339)
Adjustments for:			
Interest income	4	(7,351)	(12,865)
Finance costs	6	4,846	1,716
Depreciation of property, plant and equipment	5	13,931	14,975
Depreciation of right-of-use assets	5	5,939	5,003
Amortisation of other intangible assets	5	625	472
Gain on termination of a lease contract	4	–	(37)
Impairment loss on non-financial assets	5	1,747	–
Fair value gains on financial assets at FVTPL	4	(10,564)	(4,622)
Fair value losses on convertible redeemable preferred shares	5	–	1,454,280
Net foreign exchange gains	4	(1,234)	(27,680)
Share-based payment expenses	5	39,917	72,687
		(153,070)	(136,410)
Increase in prepayments, other receivables and other assets		(26,767)	(23,880)
Decrease in amounts due from related parties		650	610
Increase in inventories		(21,155)	(948)
Decrease/(increase) in trade receivables		8,889	(3,950)
Decrease in trade and other payables		(54,307)	(818)
Decrease in deferred income		(400)	–
Net cash flows used in operating activities		(246,160)	(165,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		5,801	18,662
Purchases of items of property, plant and equipment		(9,753)	(32,915)
Disposal of items of property, plant and equipment		6	–
Purchases of items of other intangible assets		(1,131)	(2,883)
Repayment received on loans to employees		17	–
Placement of time deposits		(42,648)	(161,462)
Withdrawal of time deposits		130,089	499,023
Placement of financial assets at FVTPL		(190,000)	(478,409)
Withdrawal of financial assets at FVTPL		150,814	64,928
Net cash flows from/(used in) investing activities		43,195	(93,056)

Notes	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	–	422,524
Proceeds from exercise of equity-settled share-based payment	303	–
Interest of bank borrowings paid	(4,767)	(429)
Proceeds from bank borrowings	121,400	69,400
Repayment of bank borrowings	(99,300)	–
Payment for rental deposits	–	(405)
Proceeds from rental deposits refund	78	–
Lease payments	(6,440)	(6,121)
Issue costs paid	(5,933)	(5,690)
Net cash flows from financing activities	5,341	479,279
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	473,120	465,866
Effect of foreign exchange rate changes, net	551	6,864
CASH AND CASH EQUIVALENTS AT END OF PERIOD	276,047	693,557

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard 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 2023.

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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

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

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

3. OPERATING SEGMENT INFORMATION

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 People's Republic of China ("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 during the six months ended 30 June 2024 and 2023, is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer A	21,307	–
Customer B	12,711	13,344

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of products – at a point in time	95,575	34,343

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Government grants*	3,739	7,855
Bank interest income	6,326	12,057
Imputed interest income on rental and other deposits	247	84
Deemed interest income from loans to employees	128	114
Deemed interest income from the loans to related parties (note 18)	650	610
Others	819	785
Total other income	11,909	21,505
Gains		
Foreign exchange gains, net	1,234	27,680
Gain on termination of a lease contract	–	37
Fair value gains on financial assets at FVTPL	10,564	4,622
Total gains	11,798	32,339
Total other income and gains	23,707	53,844

* 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. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold	43,493	9,449
Write-down of inventories to net realisable value	1,747	–
Cost of inventories recognised as expense (included in research and development costs)	1,554	1,020
Research and development costs	99,008	90,139
Depreciation of property, plant and equipment	13,931	14,975
Depreciation of right-of-use assets	5,939	5,003
Amortisation of other intangible assets	625	472
Gain on termination of a lease contract	–	(37)
Government grants	(3,739)	(7,855)
Fair value gains on financial assets at FVTPL	(10,564)	(4,622)
Listing expenses	–	23,342
Fair value losses on convertible redeemable preferred shares	–	1,454,280
Foreign exchange differences, net	(1,234)	(27,680)
Staff costs (including directors' emoluments):		
– Independent non-executive directors' fee	526	–
– Salaries, bonuses, allowances and benefits in kind	67,208	57,523
– Pension scheme contributions	6,044	4,233
– Share-based payment expenses	39,917	72,687
	113,695	134,443
Auditors' remuneration	1,200	1,393
Lease payments not included in the measurement of lease liabilities	450	114

6. FINANCE COSTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank borrowings	3,588	503
Interest on lease liabilities	1,258	1,213
Total	4,846	1,716

7. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from income tax.

No Hong Kong profits tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profits tax during the periods presented in the interim condensed consolidated financial information.

No PRC Enterprise Income tax was provided for as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the interim condensed consolidated financial information.

Deferred taxation had not been fully recognised 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 utilised in the foreseeable future.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the Reporting Period (during the six months ended 30 June 2023: nil).

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

The calculation of the basic loss per share amounts for the six months ended 30 June 2024 and 2023 is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares in issue.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2023 has been retrospectively adjusted for the effect of the share subdivision.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 in respect of a dilution as the impact of share options and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented. No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 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:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent for the purpose of calculating basic and diluted loss per share (RMB'000)	(200,926)	(1,640,339)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	304,730,777	103,557,292
Loss per share (basic and diluted) (RMB per share)	(0.66)	(15.84)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with costs of RMB12,665,000 (unaudited) (for the six months ended 30 June 2023: RMB13,220,000 (unaudited)).

Property, plant and equipment with a net book value of RMB6,000 (unaudited) were disposed of by the Group during the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil (unaudited)).

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current:		
Loans to employees	5,332	5,221
Deemed prepaid remuneration to employees	1,904	2,043
Rental and other deposits	7,966	7,670
Value-added tax recoverable	9,989	–
Prepayments for purchase of items of other intangible assets	184	72
Prepayments for purchase of items of property, plant and equipment	4,273	5,163
Total	29,648	20,169
Current:		
Rental deposits	398	733
Deemed prepaid remuneration to employees	261	256
Prepayments	42,354	20,392
Other receivables	3,560	5,318
Value-added tax recoverable	5,072	8,156
Total	51,645	34,855

12. TRADE RECEIVABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	27,515	21,268
1 month to 6 months	24,142	40,824
6 months to 12 months	1,652	106
Total	53,309	62,198

13. FINANCIAL ASSETS AT FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial products	519,087	469,337

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 30 June 2024 (31 December 2023: 1.5% to 4.5% per annum).

14. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	4,657	20,292
Accrued expenses for research and development services	14,369	23,105
Payables for purchase of items of property, plant and equipment	5,476	3,454
Other payables	16,656	41,208
Salary and bonus payables	6,659	11,735
Other taxes payable	1,034	1,342
Accrued listing expenses	6,534	12,467
Total	55,385	113,603

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	4,657	20,292

15. INTEREST-BEARING BANK BORROWINGS

	30 June 2024			31 December 2023		
	Effective interest rate (%)	Maturity	Amount RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	Amount RMB'000 (Audited)
Current						
Bank loans – unsecured	3.05	2025	9,900	–	–	–
Bank loans – unsecured	2.95	2025	39,600	–	–	–
Bank loans – unsecured	3.21	2025	9,903	–	–	–
Bank loans – unsecured	2.73	2025	11,732	–	–	–
Bank loans – unsecured	2.85	2025	49,288	–	–	–
Bank loans – unsecured	3.55	2024	9,909	3.55	2024	9,900
Bank loans – unsecured	–	–	–	3.65	2024	69,361
Bank loans – unsecured	–	–	–	3.19	2024	10,150
Current portion of long term bank loans – secured (note)	3.45	2024-2025	40,000	3.45	2024	40,000
Total – current			170,332			129,411
Non-current						
Other secured bank loans (note)	3.45	2025-2026	40,000	3.45	2025-2026	60,000
Total – non-current			40,000			60,000
Total			210,332			189,411

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	170,332	129,411
In the second year	40,000	40,000
In the third to fifth years, inclusive	–	20,000
Total	210,332	189,411

15. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

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

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
RMB	210,332	189,411

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

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Fixed interest rate	210,332	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.

16. SHARE CAPITAL

Issued and fully paid

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Issued and fully paid: 304,738,625 ordinary shares of US\$0.00002 each (31 December 2023: 304,024,465 ordinary shares of US\$0.00002 each)	43	43

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital <i>RMB'000</i>
At 1 January 2024 (audited)	304,024,465	43
Shares issued upon exercise of equity-settled share-based payment (unaudited) **	714,160	*
At 30 June 2024 (unaudited)	304,738,625	43

* The amounts are less than RMB1,000.

** In January 2024, 714,160 ordinary shares were issued at an exercise price of US\$0.06 per share pursuant to the exercise of share options under the Pre-IPO Equity Incentive Plan.

17. COMMITMENTS

The Group had the following capital commitments at the end of each of the reporting periods.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Acquisition of property, plant and equipment, and other intangible assets	20,140	3,190

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the reporting periods

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Deemed interest income from loans to key management (note)		
Ms. Zhang Lele	415	391
Mr. Wu Jiaru*	35	32
Mr. Zhu Qi*	68	64
Ms. Zhang Chunna*	52	49
Dr. Lei Lei*	41	38
Ms. Xu Jingxin*	39	36
	650	610

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due from related parties:		
Loans to related parties		
– non-trade in nature and non-current (note):		
Ms. Zhang Lele	17,292	16,877
Mr. Wu Jiaru*	1,467	1,432
Mr. Zhu Qi*	2,845	2,777
Ms. Zhang Chunna*	2,196	2,144
Dr. Lei Lei*	1,715	1,674
Ms. Xu Jingxin*	1,655	1,616
Subtotal	27,170	26,520
Deemed prepaid remuneration to related parties		
– trade in nature (note)		
Ms. Zhang Lele	6,683	7,097
Mr. Wu Jiaru*	583	618
Mr. Zhu Qi*	1,052	1,120
Ms. Zhang Chunna*	861	913
Dr. Lei Lei*	724	765
Ms. Xu Jingxin*	721	761
Subtotal	10,624	11,274
Total	37,794	37,794
Analysed into:		
Current portion	1,332	1,300
Non-current portion	36,462	36,494

* Those persons are key management personnel of the Company. Mr. Zhu Qi is the chief medical officer. Dr. Lei Lei is the senior vice president of research and development department. Ms. Zhang Chunna is the senior vice president of regulatory affairs department. Ms. Xu Jingxin is the senior vice president of manufacturing and quality control department. Mr. Wu Jiaru is the senior vice president of the finance and integrated management department.

The maturity dates of the loans borrowed by Ms. Zhang Lele in 2021 and 2022 are 1 September 2029 and 20 November 2032, respectively. The maturity dates of the loans borrowed by other key management personnel fall between 5 August 2029 and 28 February 2032.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties: (Continued)

The maximum amounts of the non-trade related receivables due from the director during the reporting periods:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Amount due from a related party		
Ms. Zhang Lele	17,292	16,480

Note: The Group provided an eight-year unsecured and non-interest-bearing loans of RMB11,127,000 and a ten-year unsecured and non-interest-bearing loans of RMB12,847,000 to Ms. Zhang Lele in December 2021 and December 2022, respectively. Meanwhile, the Group also provided unsecured and non-interest-bearing loans of RMB3,576,000 and RMB10,244,000 to other key management personnel of the Group in December 2021 and March 2022, respectively, with terms ranging from 7.5 years to 10 years. On initial recognition, the receivable was measured at fair value, which in this case was equal to the cash consideration given discounted to the present value using an effective interest rate of 4.90%. The difference between the loan amount and its fair value on initial recognition date was treated as deemed prepaid remuneration to Ms. Zhang Lele and other key management personnel and was amortised through the expected loan terms.

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

(c) Other transactions with a related party

On 7 August 2020, the Group entered into a lease agreement with Shanghai Huazhou Pressure Sensitive Adhesive Products Co., Ltd. ("**Shanghai Huazhou**") which is controlled by Suzhou Frontline II, a shareholder of the Group, pursuant to which the Group had additions to right-of-use assets of RMB2,470,000 and additions to lease liabilities of RMB2,470,000. On 11 May 2021, the Group entered into another lease agreement with Shanghai Huazhou, pursuant to which the Group had additions to right-of use assets of RMB104,000 and additions to lease liabilities of RMB104,000.

The contracts between the Group and Shanghai Huazhou were terminated on 3 March 2023. Therefore, the amount of lease liabilities was nil (unaudited) as at 30 June 2024 (31 December 2023: nil (audited)). The amount of interest expenses on lease liabilities was nil (unaudited) and RMB3,000 (unaudited) during the six months ended 2024 and 2023, respectively.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, bonuses, allowances and benefits in kind	9,031	12,783
Pension scheme contributions	204	199
Directors' fee	526	–
Share-based payment expenses	26,895	48,418
Total	36,656	61,400

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits over three months, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), financial liabilities included in trade and other payables and interest-bearing bank borrowings (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets, amounts due from related parties and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in financial products issued by portfolio companies in the Cayman Islands and banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total <i>RMB'000</i> (Unaudited)
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Financial products	–	519,087	–	519,087

As at 31 December 2023

	Fair value measurement using			Total <i>RMB'000</i> (Audited)
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Audited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Audited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Audited)	
Financial products	–	469,337	–	469,337

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2023: nil).

20. EVENTS AFTER THE REPORTING PERIOD

In July 2024, the Company repurchased a total of 585,800 shares of the Company on the Stock Exchange at a total consideration of HK\$4,207,000 (equivalent to RMB3,842,000).

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the board of directors on 29 August 2024.

DEFINITIONS

“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 (中國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 report and for geographical reference only and except where the context requires, excluding Taiwan, the Macao Special Administrative Region and Hong Kong
“clinical trial(s)”	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 (stock code: 2487)
“Core Product”	has the meaning ascribed to it under Chapter 18A of the Listing Rules; for the purpose of this report, 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 a 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
“IFRS”	International Financial Reporting Standards
“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 report, 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)
“OTC”	over-the-counter, a kind of drug that may be sold over the counter upon receiving the competent authority’s approval at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner
“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
“Post-IPO Equity Incentive Plan”	the equity incentive plan adopted by the Company on 30 May 2023
“Pre-IPO Equity Incentive Plan”	the equity incentive plan adopted by the Company that took effect on 23 August 2019
“Prospectus”	the prospectus issued by the Company dated 31 May 2023
“R&D”	research and development
“Reporting Period”	the six months ended 30 June 2024
“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.