

BeiGene, Ltd. 百濟神州有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : NASDAQ : BGNE

HKEX : 06160 SSE : 688235

2024 Interim Report



BeiGene

Cancer has no borders. Neither do we.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. John V. Oyler
(Chairman and Chief Executive Officer)

Non-Executive Director

Dr. Xiaodong Wang

Independent Non-Executive Directors

Dr. Olivier Brandicourt^(Note 1)
Dr. Margaret Han Dugan
Mr. Donald W. Glazer
Mr. Michael Goller
Mr. Anthony C. Hooper
Mr. Ranjeev Krishana
Dr. Alessandro Riva
Dr. Corazon (Corsee) D. Sanders
Mr. Qingqing Yi

AUDIT COMMITTEE

Mr. Anthony C. Hooper *(Chair)*
Dr. Olivier Brandicourt^(Note 1)
Dr. Corazon (Corsee) D. Sanders

COMPENSATION COMMITTEE

Dr. Margaret Han Dugan *(Chair)*
Mr. Ranjeev Krishana
Mr. Qingqing Yi

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Mr. Donald W. Glazer *(Chair)*
Mr. Michael Goller
Mr. Anthony C. Hooper
Dr. Alessandro Riva

SCIENTIFIC ADVISORY COMMITTEE

Dr. Xiaodong Wang *(Co-Chair)*
Dr. Alessandro Riva *(Co-Chair)*
Dr. Margaret Han Dugan
Mr. Michael Goller
Dr. Corazon (Corsee) D. Sanders
Mr. Qingqing Yi

COMMERCIAL AND MEDICAL AFFAIRS ADVISORY COMMITTEE

Mr. Anthony C. Hooper *(Chair)*
Dr. Olivier Brandicourt^(Note 2)
Dr. Margaret Han Dugan
Mr. Ranjeev Krishana
Dr. Corazon (Corsee) D. Sanders

Notes:

* On January 22, 2024, Mr. Thomas Malley resigned from the Board to devote more time to his other commitments. The decision by Mr. Malley to resign was not the result of any disagreement with respect to the operations, policies, or practices of the Company. There is no matter in respect of Mr. Malley's resignation that needs to be brought to the attention of shareholders of the Company or HKEX. In connection with his resignation from the Board, Mr. Malley also resigned from the Audit Committee and the Scientific Advisory Committee of the Board.

1. The relevant appointment with effect from January 23, 2024;
2. The relevant appointment with effect from March 19, 2024.

CORPORATE INFORMATION

COMPANY SECRETARY

Ms. Chau Hing Ling (FCG, HKFCG) of
Vistra Corporate Services (HK) Limited

AUTHORIZED REPRESENTATIVES

Mr. John V. Oyler
Ms. Chau Hing Ling

AUDITORS

As to Hong Kong financial reporting audit
Ernst & Young, Registered Public Interest Entity Auditor

As to United States financial reporting audit
Ernst & Young LLP

As to PRC financial reporting audit
Ernst & Young Hua Ming LLP

REGISTERED OFFICE

The offices of Mourant Governance Services
(Cayman) Limited
94 Solaris Avenue
Camana Bay
Grand Cayman KY1-1108
Cayman Islands

LEGAL ADVISORS

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom

As to PRC law
Fangda Partners

As to Cayman Islands law
Mourant Ozannes

HONG KONG SHARE REGISTRAR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Mourant Governance Services (Cayman) Limited
94 Solaris Avenue, Camana Bay
Grand Cayman KY1-1108
Cayman Islands

STOCK CODE

06160

COMPANY WEBSITE

www.beigene.com

FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are based on management's current expectations and projections about future events and trends that may affect the business, financial condition, and operating results. All statements other than statements of historical facts contained in this interim report are forward-looking statements. Forward-looking statements often include words such as "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "goal," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or the negative of these terms or other similar expressions. These forward-looking statements include, among other things, statements about:

- our ability to successfully commercialize our approved medicines and to obtain approvals in additional indications and territories for our medicines;
- our ability to successfully develop and commercialize our in-licensed medicines and drug candidates and any other medicines and drug candidates we may in-license;
- our ability to further develop sales and marketing capabilities and launch and commercialize new medicines, if approved;
- our ability to maintain and expand regulatory approvals for our medicines and drug candidates, if approved;
- the pricing and reimbursement of our medicines and drug candidates, if approved;
- the initiation, timing, progress and results of our preclinical studies and clinical trials and our research and development programs;
- our ability to advance our drug candidates into, and successfully complete, clinical trials and obtain regulatory approvals;
- our reliance on the success of our clinical stage drug candidates;
- our plans, expected milestones and the timing or likelihood of regulatory filings and approvals;
- the implementation of our business model, strategic plans for our business, medicines, drug candidates and technology;
- the scope of protection we (or our licensors) are able to establish and maintain for intellectual property rights covering our medicines, drug candidates and technology;

FORWARD-LOOKING STATEMENTS

- our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights and proprietary technology of third parties;
- costs associated with enforcing or defending against intellectual property infringement, misappropriation or violation, product liability and other claims;
- the regulatory environment and regulatory developments in the United States (“U.S.”), China, the United Kingdom (“UK”), Switzerland, the European Union (“EU”) and other jurisdictions in which we operate;
- the accuracy of our estimates regarding expenses, revenues, including collaboration revenue, capital requirements and our need for additional financing;
- the potential benefits of strategic collaboration and licensing agreements and our ability to enter into and maintain strategic arrangements;
- our construction and operation of independent production facilities for small molecule medicines and large molecule biologics, as well as clinical R&D facilities, to support the global demand for both commercial and clinical supply;
- our reliance on third parties to conduct drug development, manufacturing and other services;
- our ability to manufacture and supply, or have manufactured and supplied, drug candidates for clinical development and medicines for commercial sale;
- the rate and degree of market access and acceptance of our medicines and drug candidates, if approved;
- developments relating to our competitors and our industry, including competing therapies;
- the size of the potential markets for our medicines and drug candidates and our ability to serve those markets;
- our ability to effectively manage our growth;
- our ability to attract and retain qualified employees and key personnel;
- statements regarding future revenue, key milestones, expenses, capital expenditures, capital requirements and share performance; and
- the future trading price of our ADSs, ordinary shares and RMB Shares, and impact of securities analysts’ reports on these prices.

FORWARD-LOOKING STATEMENTS

These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. We have included important factors in the cautionary statements included in this interim report that could cause actual future results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”), we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this interim report. Any such intentions may change in light of future developments.

This interim report includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe these industry publications and third-party research, surveys and studies are reliable, you are cautioned not to give undue weight to this information. All forward-looking statements in this interim report are expressly qualified by reference to this cautionary statement.

MANAGEMENT DISCUSSION AND ANALYSIS

Unless the context requires otherwise, in this interim report, the terms “BeiGene,” the “Company,” “we,” “us” and “our” refer to BeiGene, Ltd., a Cayman Islands holding company with operations conducted by its subsidiaries, and its subsidiaries, on a consolidated basis.

NON-GAAP FINANCIAL MEASURES

We provide certain financial measures that are not defined under accounting principles generally accepted in the United States of America (“GAAP”), commonly referred to as non-GAAP financial measures, including Adjusted Operating Expenses and Adjusted Income (Loss) from Operations and certain other non-GAAP measures, each of which include adjustments to GAAP figures. These non-GAAP measures are intended to provide additional information on our operating performance. Adjustments to our GAAP figures exclude, as applicable, non-cash items such as share-based compensation, depreciation and amortization. Certain other special items or substantive events may also be included in the non-GAAP adjustments periodically when their magnitude is significant within the periods incurred. We maintain an established non-GAAP policy that guides the determination of what items may be excluded in non-GAAP financial measures. We believe that these non-GAAP measures, when considered together with the GAAP figures, can enhance an overall understanding of our operating performance. The non-GAAP financial measures are included with the intent of providing investors with a more complete understanding of our historical and expected financial results and trends and to facilitate comparisons between periods and with respect to projected information. In addition, these non-GAAP financial measures are among the indicators BeiGene’s management uses for planning and forecasting purposes and measuring our performance. These non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, GAAP financial measures. The non-GAAP financial measures used by BeiGene may be calculated differently from, and therefore may not be comparable to, non-GAAP financial measures used by other companies.

OVERVIEW

BeiGene reduced GAAP operating loss and achieved positive adjusted operating income during the quarter with rapidly increasing global revenues and continued financial discipline. Having now reached this milestone, we will further build on our differentiated, strategic capabilities as a leading, global oncology innovator.

BRUKINSA is emerging as the BTKi class leader in the U.S. in new patient starts across all approved indications, demonstrating the strength of its clinical efficacy and safety data, and is the only BTKi to demonstrate superior efficacy versus ibrutinib in a head-to-head trial. With our leadership in hematology, we are working to expand into other highly prevalent cancer types, backed by one of the largest oncology research teams in the industry.

Key highlights for the second quarter of 2024 are as follows:

- Generated total revenues of US\$929 million in the second quarter, an increase of 56% from the prior-year period;
- Reduced GAAP operating loss and achieved non-GAAP operating income;
- Strengthened hematology leadership with global BRUKINSA revenues of US\$637 million, an increase of 107% from the prior-year period;
- Advanced pivotal programs for BCL2 inhibitor sonrotoclax and BTK-targeted degrader BGB-16673; and
- Advanced innovative solid tumor pipeline of more than 15 investigational molecules, including ADCs, multispecific antibodies, and targeted therapies for lung, breast, and gastrointestinal cancers.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENTS

Recent Business Developments

On July 23, 2024, we announced the opening of our flagship U.S. facility in Hopewell, New Jersey, at the Princeton West Innovation Campus, which houses state-of-the-art biologics manufacturing capabilities and a clinical research and development center that further bolster our differentiated model as an oncology innovator.

FUTURE AND OUTLOOK

We were founded with the vision to create an integrated biopharmaceutical company to address challenges in the pharmaceutical industry, creating impactful medicines that will be affordable and accessible to far more patients around the world. We have made significant progress towards accomplishing this vision over our first 14 years and have five strategic competitive advantages positioning us for success both near- and long-term:

- 1. We have built a substantial global development and medical affairs team** of 3,000+ people on five continents, allowing us to run clinical trials predominantly without reliance on CROs. Clinical development accounts for over 75% of the cost and most of the time to develop a medicine. We believe that by fully integrating these capabilities, we can create a strategic competitive advantage. By retaining clinical development activities internally, we can decrease the costs of our trials, increase enrollment speed, and leverage technology to ensure quality and consistency across trials and clinical sites. It also allows us to become more inclusive in the location and number of clinical sites to help improve the diversity of patients in our trials. Our demonstrated ability to complete large-scale, multi-regional clinical trials is one of our most important strategic competitive advantages and addresses an immense challenge in the pharmaceutical industry.
- 2. We have built one of the world's largest, most productive and cost-effective oncology research teams** with 1,100+ scientists. Their efforts have been validated by commercial approvals, clinical data, and collaborations that have secured US\$1.5 billion in collaboration payments to the Company. We have successfully developed three commercially approved medicines from our internal discovery engine, including BRUKINSA and TEVIMBRA. We design each research program with a differentiated biological hypothesis or a first-in-class mechanism of action. Our lead medicine, BRUKINSA, has demonstrated superiority for both progression-free survival ("PFS") and overall response rate versus ibrutinib in relapsed or refractory ("R/R") chronic lymphocytic leukemia ("CLL"). Our broad pipeline also includes internally developed products with the potential to be best-in-class or first-in-class, including sonrotoclax (our BCL-2 inhibitor) and BGB-16673 (a BTK-targeting chimeric degradation activation compound ("CDAC")) that have both demonstrated their potential with early data. Our pipeline also includes many early-stage assets for targets, including CDK4, pan-KRAS, PRMT5, CDK2, B7H3 ADC, CEA-ADC, B7H4-ADC, MUC1 x CD16A bispecific antibody ("BsAb"), and Claudin6 x CD3 BsAb. We have invested in technology platforms, including CDAC protein degraders, bispecific antibodies, tri-specific antibodies, ADCs, cell therapies, and mRNA. Our research and innovation capabilities will ensure we discover high-quality and impactful medicines for patients.

MANAGEMENT DISCUSSION AND ANALYSIS

3. **We have built a strong commercial portfolio, centered around two foundational medicines, BRUKINSA and TEVIMBRA,** that are primary revenue sources and support the development of our future pipeline and additional combination therapies. Our hematological franchise is led by BRUKINSA, which is supported by a broad clinical program with over 6,000 patients in more than 30 markets. We ran two extensive head-to-head studies versus ibrutinib with over 800 patients enrolled. We are the first and only BTK inhibitor to demonstrate superior efficacy versus ibrutinib, and the data from the head-to-head ALPINE trial were selected for the prestigious late-breaker session at the American Society of Hematology (“ASH”) meeting in late 2022, with simultaneous publication in *The New England Journal of Medicine*. Based on the pooled safety data generated from our trials, we have shown a very favorable safety profile, especially when compared to ibrutinib in cardiovascular safety, including atrial fibrillation, ventricle arrhythmia, and hypertension. In December 2023, the U.S. Food and Drug Administration (“FDA”) approved a label update for BRUKINSA to include superior PFS results from the Phase 3 ALPINE trial comparing BRUKINSA against IMBRUVICA in patients with R/R CLL. We believe the differentiation of BRUKINSA has been recognized by the market and global BRUKINSA sales increased 116.7% for the six months ended June 30, 2024 vs. for the prior year period. BRUKINSA allows us to build a strong position in heme-oncology and we plan to solidify our leadership in CLL with sonrotoclax (BCL2i) and our BTK-CDAC while amplifying our impact in other B-cell malignancies with progressive treatment strategies such as fixed duration and rational sequencing. Our solid tumor franchise is led by our anti-PD-1 monoclonal antibody, TEVIMBRA, which is currently approved in China in thirteen indications and has achieved the commercial market leader position in China in the PD-1/PD-L1 class. Outside of China, TEVIMBRA has been approved in the U.S., Europe, UK and Australia. With TEVIMBRA and the potentially best-in-class or first-in-class pipeline assets targeting CDK4, pan-KRAS, PRMT5, CDK2, B7H3 ADC, CEA-ADC, B7H4-ADC, MUC1 x CD16A BsAb, and Claudin6 x CD3 BsAb, we are well-positioned to build our solid tumor business and deliver innovative therapies and combinations to patients.
4. **We have a differentiated global commercial organization** of over 3,700 people to deliver medicines to patients around the globe, including over 500 in North America and Europe. In North America, our team continues to grow BRUKINSA sales following the approvals in the U.S. and Canada for CLL and small lymphocytic lymphoma (“SLL”) indications in 2023. In the U.S., BRUKINSA is emerging as the BTKi class leader in new patient starts across all approved indications. In China, the commercial team is marketing a total of 17 internally developed and licensed medicines across solid tumors and hematology. BRUKINSA and TEVIMBRA continue to strengthen market leadership positions in China in the BTKi and PD-1/PD-L1 classes, respectively. Altogether, BRUKINSA has been approved in more than 70 markets, with additional filings pending or planned. We reacquired the global rights of TEVIMBRA from Novartis in 2023 upon bilateral agreement. TEVIMBRA received approval in the U.S., Europe, UK and Australia, and additional approvals and filings are pending or planned. Our strategy is to commercialize our medicines broadly throughout the world. Our commercial capabilities have expanded into the Asia Pacific, Latin America and Middle East regions through our affiliates or distribution partners. We have built a global commercial organization that will drive the delivery of highly effective and differentiated medicines to patients around the globe and will continue to collaborate with business partners to bridge health inequities.
5. **We have financial strength.** In a time when the cost of capital has risen, we are well positioned financially. We had cash and cash equivalents of approximately US\$2.6 billion as of June 30, 2024. We already have substantial product revenue of approximately US\$1.7 billion for the six months ended June 30, 2024, including from our cornerstone assets, which we expect to continue to grow significantly in 2024 and beyond. We expect product revenue growth to outpace our operating expense growth, which will allow us to continue to improve our operating leverage and cash flow. We will continue to be thoughtful and strategic in how we deploy our capital, and we are committed to generating long-term value for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results of Operations

The following table summarizes our results of operations for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,		Change	%
	2024	2023		
	(US dollars in thousands)			
Revenues				
Product revenue, net	1,668,064	964,036	704,028	73.0%
Collaboration revenue	<u>12,754</u>	<u>79,026</u>	<u>(66,272)</u>	(83.9)%
Total revenues	<u>1,680,818</u>	<u>1,043,062</u>	<u>637,756</u>	61.1%
Cost of sales – product	<u>263,067</u>	<u>177,779</u>	<u>85,288</u>	48.0%
Gross profit	1,417,751	865,283	552,468	63.8%
Operating expenses				
Research and development	915,104	831,348	83,756	10.1%
Selling, general and administrative	871,156	723,533	147,623	20.4%
Amortization of intangible assets	<u>–</u>	<u>375</u>	<u>(375)</u>	(100.0)%
Total operating expenses	<u>1,786,260</u>	<u>1,555,256</u>	<u>231,004</u>	14.9%
Loss from operations	(368,509)	(689,973)	321,464	(46.6)%
Interest income, net	29,385	31,086	(1,701)	(5.5)%
Other expense, net	<u>(10,222)</u>	<u>(45,515)</u>	<u>35,293</u>	(77.5)%
Loss before income taxes	(349,346)	(704,402)	355,056	(50.4)%
Income tax expense	<u>22,209</u>	<u>25,166</u>	<u>(2,957)</u>	(11.7)%
Net loss	<u><u>(371,555)</u></u>	<u><u>(729,568)</u></u>	<u><u>358,013</u></u>	(49.1)%

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Total revenue increased to US\$1,680.8 million, or 61.1%, for the six months ended June 30, 2024, from US\$1,043.1 million for the six months ended June 30, 2023, primarily due to increased sales of our internally developed products, BRUKINSA and tislelizumab, as well as increased sales of in-licensed products, most notably from the Amgen products.

The following table summarizes the components of revenue for the six months ended June 30, 2024 and 2023, respectively:

	Six Months Ended June 30,		Changes	
	2024	2023		%
	(US dollars in thousands)			
Product revenue	1,668,064	964,036	704,028	73.0%
Collaboration revenue:				
Research and development service revenue	–	20,380	(20,380)	(100.0)%
Right to access intellectual property revenue	–	52,497	(52,497)	(100.0)%
Other	12,754	6,149	6,605	107.4%
	<u>12,754</u>	<u>79,026</u>	<u>(66,272)</u>	<u>(83.9)%</u>
Total collaboration revenue				
	<u>12,754</u>	<u>79,026</u>	<u>(66,272)</u>	<u>(83.9)%</u>
Total Revenue	<u>1,680,818</u>	<u>1,043,062</u>	<u>637,756</u>	<u>61.1%</u>

Net product revenues consisted of the following:

	Six Months Ended June 30,		Changes	
	2024	2023		%
	(US dollars in thousands)			
BRUKINSA®	1,125,914	519,658	606,256	116.7%
Tislelizumab	303,687	264,314	39,373	14.9%
XGEVA®	98,435	44,165	54,270	122.9%
BLINCYTO®	33,497	25,524	7,973	31.2%
KYPROLIS®	30,047	15,995	14,052	87.9%
POBEVCY®	28,205	27,764	441	1.6%
REVLIMID®	21,366	45,005	(23,639)	(52.5)%
Other	26,913	21,611	5,302	24.5%
	<u>1,668,064</u>	<u>964,036</u>	<u>704,028</u>	<u>73.0%</u>
Total product revenue	<u>1,668,064</u>	<u>964,036</u>	<u>704,028</u>	<u>73.0%</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Net product revenue increased 73.0% to US\$1,668.1 million for the six months ended June 30, 2024, compared to US\$964.0 million in the prior-year period, primarily due to increased sales of BRUKINSA in the U.S. and China and increased sales of tislelizumab in China. In addition, there were increased sales of our in-licensed products from Amgen.

Global sales of BRUKINSA totaled US\$1,125.9 million in the six months ended June 30, 2024, representing a 116.7% increase compared to the prior-year period. U.S. sales of BRUKINSA totaled US\$830.8 million in the six months ended June 30, 2024, compared to US\$362.3 million in the prior-year period, representing growth of 129.3%. U.S. sales continued to accelerate in the period, as BRUKINSA gained share in TN CLL and emerged as the BTKi class leader in new-patient share in CLL. BRUKINSA sales in Europe totaled US\$148.2 million in the six months ended June 30, 2024, representing growth of 223.5% compared to the prior-year period, driven by continued gains in market share across all major markets.

Sales of tislelizumab in China totaled US\$303.5 million in the six months ended June 30, 2024, compared to US\$264.3 million representing a 14.8% increase compared to the prior-year period. In the six months ended June 30, 2024, new patient demand from broader reimbursement and further expansion of our salesforce and hospital listings continued to drive increased market penetration and market share for tislelizumab.

Sales of Amgen products in China totaled US\$162.0 million in the six months ended June 30, 2024, compared to US\$85.7 million in the prior-year period, driven primarily by increased XGEVA sales volume.

Collaboration revenue totaled US\$12.8 million for the six months ended June 30, 2024, primarily related to revenue generated under the Novartis broad markets marketing and promotion agreement. Collaboration revenue totaled US\$79.0 million for the six months ended June 30, 2023, recognized from deferred revenue associated with the former Novartis tislelizumab and ociperlimab collaborations.

Cost of Sales

Cost of sales increased to US\$263.1 million for the six months ended June 30, 2024 from US\$177.8 million for the six months ended June 30, 2023, primarily due to increased product sales of BRUKINSA and tislelizumab as well as sales of in-licensed products from Amgen in China.

Gross Margin

Gross margin on product sales increased to US\$1,405.0 million for the six months ended June 30, 2024, compared to US\$786.3 million in the prior-year period, primarily due to increased product revenue in the current year period. Gross margin as a percentage of product sales increased to 84.2% for the six months ended June 30, 2024, from 81.6% in the comparable period of the prior year. The increase is primarily due to a proportionally higher sales mix of global BRUKINSA compared to other products in the portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Expense

Research and development expense increased by US\$83.8 million, or 10.1%, to US\$915.1 million for the six months ended June 30, 2024 from US\$831.3 million for the six months ended June 30, 2023. The following table summarizes external clinical, external non-clinical and internal research and development expense for the six months ended June 30, 2024 and 2023, respectively:

	Six Months Ended June 30,		Changes	
	2024	2023		%
	(US dollars in thousands)			
External research and development expense:				
Cost of development programs	247,633	258,219	(10,586)	(4.1)%
Upfront license and development milestone fees	46,528	–	46,528	NA
Amgen co-development expense ¹	35,966	23,274	12,692	54.5%
Total external research and development expenses	330,127	281,493	48,634	17.3%
Internal research and development expenses	584,977	549,855	35,122	6.4%
Total research and development expenses	915,104	831,348	83,756	10.1%
Adjusted research and development expenses ²	787,949	725,431	62,518	8.6%

1. Our co-funding obligation for the development of the pipeline assets under the Amgen collaboration for the six months ended June 30, 2024 totaled US\$71.0 million, of which US\$36.0 million was recorded as R&D expense. The remaining US\$35.0 million was recorded as a reduction of the R&D cost share liability.
2. Adjusted research and development expense is intended to provide investors and others with information about our performance without the effect of items that, by their nature, tend to obscure core operating results due to potential variability across periods based on the timing, frequency and magnitude of such items. Refer to Non-GAAP Financial Measures and Non-GAAP Reconciliation in this MD&A for more information about, and a detailed reconciliation of, these items.

The increase in external research and development expenses in the six months ended June 30, 2024 was primarily attributable to higher development milestone fees and increases in Amgen co-development expense, partially offset by lower external clinical trial costs as certain programs wind down and we continue efforts to internalize research and clinical trial activities.

Internal research and development expense increased US\$35.1 million, or 6.4%, to US\$585.0 million and was primarily attributable to the expansion of our global development organization and our clinical and preclinical drug candidates, as well as our continued efforts to internalize research and clinical trial activities.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling, General and Administrative Expense

	Six Months Ended June 30,		Changes	
	2024	2023		%
	(US dollars in thousands)			
Selling, general and administrative expenses	871,156	723,533	147,623	20.4%
Adjusted selling, general and administrative expenses ¹	736,068	614,761	121,307	19.7%

- Adjusted selling, general and administrative expense is intended to provide investors and others with information about our performance without the effect of items that, by their nature, tend to obscure core operating results due to potential variability across periods based on the timing, frequency and magnitude of such items. Refer to Non-GAAP Financial Measures and Non-GAAP Reconciliation in this MD&A for more information about, and a detailed reconciliation of, these items.

Selling, general and administrative expense increased by US\$147.6 million, or 20.4%, to US\$871.2 million, for the six months ended June 30, 2024, from US\$723.5 million for the six months ended June 30, 2023. The increase was primarily attributable to investing in the expansion of our commercial activities to support our product launches, primarily BRUKINSA in the U.S. and Europe to drive continued revenue and margin expansion. Selling, general and administrative expenses as a percentage of product sales were 52.2% for the six months ended June 30, 2024 compared to 75.1% in the prior-year period. We expect selling and marketing expenses to increase in 2024 as product sales increase and we expect selling, general and administrative expenses as a percentage of revenue to decrease gradually throughout 2024.

Interest Income, Net

Interest income, net decreased by US\$1.7 million, or 5.5%, to US\$29.4 million for the six months ended June 30, 2024, from US\$31.1 million for the six months ended June 30, 2023. The decrease in interest income was primarily attributable to lower interest rates earned on our cash and cash equivalents. Interest expense remained flat as the increase in interest expense resulting from a higher debt balance was offset by higher interest capitalized related to Hopewell construction in process.

Other Expense, Net

Other expense, net decreased to US\$10.2 million for the six months ended June 30, 2024, from US\$45.5 million for the six months ended June 30, 2023. The decrease in expense was primarily related to foreign exchanges losses resulting from the strengthening of the U.S. dollar compared to the RMB and the revaluation impact of RMB-denominated deposits held in U.S. functional currency subsidiaries being greater in the prior-year period.

Income Tax Expense

Income tax expense decreased to US\$22.2 million for the six months ended June 30, 2024, from US\$25.2 million for the six months ended June 30, 2023. The income tax expense for the six months ended June 30, 2024 and June 30, 2023 was primarily attributable to current U.S. tax expense determined after other special deductions and research and development tax credits, current Switzerland tax expense based on year to date earnings, and current China tax expense due to certain non-deductible expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-GAAP Reconciliation

	Six Months Ended June 30,	
	2024	2023
	(US dollar in thousands)	
Reconciliation of GAAP to adjusted cost of sales – products:		
GAAP cost of sales – products	263,067	177,779
Less: Depreciation	5,029	4,360
Less: Amortization of intangibles	<u>2,360</u>	<u>1,639</u>
Adjusted cost of sales – products	<u><u>255,678</u></u>	<u><u>171,780</u></u>
Reconciliation of GAAP to adjusted research and development:		
GAAP research and development	915,104	831,348
Less: Share-based compensation expenses	93,451	79,976
Less: Depreciation	<u>33,704</u>	<u>25,941</u>
Adjusted research and development	<u><u>787,949</u></u>	<u><u>725,431</u></u>
Reconciliation of GAAP to adjusted selling, general and administrative:		
GAAP selling, general and administrative	871,156	723,533
Less: Share-based compensation expenses	125,957	98,741
Less: Depreciation	<u>9,131</u>	<u>10,031</u>
Adjusted selling, general and administrative	<u><u>736,068</u></u>	<u><u>614,761</u></u>
Reconciliation of GAAP to adjusted operating expenses:		
GAAP operating expenses	1,786,260	1,555,256
Less: Share-based compensation expenses	219,408	178,717
Less: Depreciation	42,835	35,972
Less: Amortization of intangibles	<u>–</u>	<u>375</u>
Adjusted operating expenses	<u><u>1,524,017</u></u>	<u><u>1,340,192</u></u>
Reconciliation of GAAP to adjusted income (loss) from operations:		
GAAP loss from operations	(368,509)	(689,973)
Plus: Share-based compensation expenses	219,408	178,717
Plus: Depreciation	47,864	40,332
Plus: Amortization of intangibles	<u>2,360</u>	<u>2,014</u>
Adjusted income (loss) from operations	<u><u>(98,877)</u></u>	<u><u>(468,910)</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion of Certain Key Balance Sheet Items

Cash, cash equivalents, restricted cash and short-term investments

As of June 30, 2024, the Company's cash, cash equivalents, restricted cash and short-term investments primarily comprised of (1) approximately US\$1.1 billion denominated in US dollars; (2) approximately RMB10.0 billion (equivalent to approximately US\$1.4 billion) denominated in Renminbi; and (3) approximately US\$126.6 million denominated in Australian dollar, Euro and other currencies.

Accounts receivable

Accounts receivable increased by 47.9% from US\$358.0 million as of December 31, 2023 to US\$529.4 million as of June 30, 2024, primarily due to the increased sales of our internally-developed products and in-licensed products.

Inventories

The inventories increased by 6.5% from US\$416.1 million as of December 31, 2023 to US\$443.3 million as of June 30, 2024, primarily due to stock preparation for the increased sales of our internally-developed products and in-licensed products.

Property and equipment, net

The property and equipment increased by 14.5% from US\$1,324.2 million as of December 31, 2023 to US\$1,516.5 million as of June 30, 2024, primarily attributable to our on-going buildout of the Company's manufacturing and clinical R&D campus in Hopewell and on-going construction of research and development center.

Accounts payable

Accounts payable includes amounts due to third parties and totaled US\$333.0 million and US\$315.1 million as of June 30, 2024 and December 31, 2023, respectively.

The following table sets forth an aging analysis of accounts payable as of the dates indicated, which is based on invoice date:

	As of	
	June 30, 2024	December 31, 2023
	US\$'000	US\$'000
Within 3 months	324,947	302,310
3 to 6 months	2,967	8,205
6 months to 1 year	4,843	4,551
Over 1 year	265	45
Total	<u>333,022</u>	<u>315,111</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Accrued expenses and other payables

Accrued expenses and other payables consist of the following as of June 30, 2024 and December 31, 2023:

	As of	
	June 30, 2024	December 31, 2023
	US\$'000	US\$'000
Compensation related	167,960	217,803
External research and development activities related	133,412	162,969
Commercial activities	70,641	87,572
Individual income tax and other taxes	48,466	30,083
Sales rebates and returns related	173,263	139,936
Other	52,796	55,368
	<u>646,538</u>	<u>693,731</u>
Total	<u>646,538</u>	<u>693,731</u>

Accrued expenses and other payables decreased by 6.8% from US\$693.7 million as of December 31, 2023 to US\$646.5 million as of June 30, 2024. The decrease was primarily due to the payment of compensation and accrued external research and development activities for the six months ended June 30, 2024, partly offset by the increase of sales rebates and returns.

Debt

The Company's total debt increased by 17.0% from US\$886.0 million as of December 31, 2023 to US\$1,036.9 million as of December 31, 2024, primarily due to the increase of the short-term debt for the six months ended June 30, 2024.

Liquidity and Capital Resources

The following table represents our cash and debt balances as of June 30, 2024 and December 31, 2023:

	As of	
	June 30, 2024	December 31, 2023
	(US dollars in thousands)	
Cash, cash equivalents and restricted cash	2,617,931	3,185,984
Total debt	1,036,928	885,984

MANAGEMENT DISCUSSION AND ANALYSIS

With the exception of the periods in which we received upfront payments from out-licensing rights to tislelizumab to Novartis, and prior to that BMS, and the third quarter of 2023 where we recorded a large noncash gain from the BMS settlement and accelerated deferred revenue recognition from the Novartis terminations, we have incurred GAAP net losses and negative cash flows from operations since inception, resulting from the funding of our research and development programs and selling, general and administrative expenses to support the commercialization of our products and our global operations. We recognized a net loss of US\$371.6 million for the six months ended June 30, 2024, and net losses of US\$729.6 million for six months ended June 30, 2023. As of June 30, 2024, we had an accumulated deficit of US\$8.3 billion.

To date, we have financed our operations principally through proceeds from public and private offerings of our common stock (including ADSs), proceeds from debt, and our collaborations, together with product sales since September 2017. Based on our current operating plan, we expect that our existing cash and cash equivalents as of June 30, 2024 will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months after the date that the financial statements included in this report are issued. We have also financed our operations and investments with proceeds from debt incurred primarily from various banks both through our subsidiaries and BeiGene, Ltd. of US\$1.0 billion at June 30, 2024. The majority of those debt obligations, or approximately US\$851.7 million, owed by BeiGene, Ltd., have due dates within the next 12 months. We believe we will have sufficient cash and cash equivalents and other sources of capital to be able to repay and/or refinance those debt obligations.

On December 15, 2021, we completed our initial public offering on the STAR Market of the Shanghai Stock Exchange (the “STAR Offering”). The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in the People’s Republic of China (“PRC”) in Renminbi (“RMB Shares”). The public offering price of the RMB Shares was RMB192.60 per ordinary share, or US\$391.68 per ADS. In this offering, we sold 115,055,260 ordinary shares. Net proceeds after deducting underwriting commissions and offering expenses were US\$3.4 billion (RMB21.7 billion). As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in compliance with the planned uses as disclosed in the STAR Prospectus as well as our proceeds management policy for the STAR Offering approved by our board of directors. As of June 30, 2024, the Company had cash remaining related to the STAR Offering proceeds of US\$0.9 billion.

The following table provides information regarding our cash flows for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	2023
	(US dollars in thousands)	
Cash, cash equivalents and restricted cash at beginning of period	3,185,984	3,875,037
Net cash used in operating activities	(404,160)	(857,665)
Net cash (used in) provided by investing activities	(320,863)	308,863
Net cash provided by financing activities	185,310	146,212
Net effect of foreign exchange rate changes	(28,340)	(50,873)
	<u>(568,053)</u>	<u>(453,463)</u>
Net decrease in cash, cash equivalents, and restricted cash		
	<u>2,617,931</u>	<u>3,421,574</u>
Cash, cash equivalents and restricted cash at end of period		

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Activities

Cash flows from operating activities is net loss adjusted for certain non-cash items and changes in assets and liabilities.

Operating activities used US\$404.2 million of cash in the six months ended June 30, 2024, principally from our net loss of US\$371.6 million and an increase in our net operating assets and liabilities of US\$268.8 million, partially offset by non-cash charges of US\$236.2 million.

The increase in net operating assets and liabilities was primarily driven by increased working capital associated with our growth in product sales. The non-cash charges were primarily driven by share-based compensation expense, depreciation and amortization expense, offset by amortization of the research and development cost share liability.

Operating activities used US\$857.7 million of cash in the six months ended June 30, 2023, principally from our net loss of US\$729.6 million and an increase in our net operating assets and liabilities of US\$329.4 million, partially offset by non-cash charges of US\$201.3 million.

The increase in net operating assets and liabilities was primarily driven by increased working capital associated with our growth in product sales. The non-cash charges were primarily the result of share-based compensation expense, depreciation and amortization expense, offset by amortization of the research and development cost share liability.

Investing Activities

Cash flows from investing activities consist primarily of capital expenditures, investment purchases, sales, maturities, and disposals, and upfront payments related to our collaboration agreements.

Investing activities used US\$320.9 million of cash in the six months ended June 30, 2024, consisting of capital expenditures of US\$266.5 million, purchase of IPR&D assets of US\$31.8 million, purchase of intangible assets of US\$4.7 million, US\$20.5 million in purchases of long-term investments and other investing activities, partially offset by sales and maturities of investment securities of US\$2.7 million.

Investing activities provided US\$308.9 million of cash in the six months ended June 30, 2023, consisting of sales and maturities of investment securities of US\$567.5 million, partially offset by capital expenditures of US\$247.1 million, and US\$11.6 million in purchases of investment securities.

MANAGEMENT DISCUSSION AND ANALYSIS

Financing Activities

Cash flows from financing activities consist primarily of issuance and repayment of short-term and long-term debt, and proceeds from the sale of ADSs through employee equity compensation plans.

Financing activities provided US\$185.3 million of cash in the six months ended June 30, 2024, consisting primarily of US\$9.1 million of net proceeds from long-term loans, US\$324.4 million of proceeds from short-term loans and US\$20.4 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan, which were partially offset by US\$14.0 million in repayments of long-term loans and US\$157.5 million in repayments of short-term bank loans. Our borrowing and repayment cycle is dictated by the short-term maturities of our debt and the ability to increase our borrowings is dependent on interest rates, credit spreads, bank lending capacity and other factors. We expect to repay approximately US\$851.7 million of loans in the next 12 months and expect to be able to re-finance those on a consistent basis with our historical experience, with the cost of those borrowings depending on prevailing interest rates and credit spreads.

Financing activities provided US\$146.2 million of cash in the six months ended June 30, 2023, consisting primarily of US\$15.8 million of net proceeds from long-term bank loans, US\$161.8 million of proceeds from short-term bank loans and US\$35.2 million from the exercise of employee share options and proceeds from the issuance of shares through our employee share purchase plan, which were partially offset by US\$66.6 million in repayment of short-term bank loans.

Effects of Exchange Rates on Cash

We have substantial operations in the PRC, which generate a significant amount of RMB-denominated cash from product sales and require a significant amount of RMB-denominated cash to pay our obligations. We hold a significant amount of RMB-denominated deposits at our China subsidiaries. Since the reporting currency of the Company is the U.S. dollar, periods of volatility in exchange rates may have a significant impact on our consolidated cash balances as they are translated into U.S. dollars. The impact of foreign currency deposits being translated into the U.S. dollar negatively impacted ending cash by US\$28.3 million in the six months ended June 30, 2024, compared to a negative impact of US\$50.9 million in the prior-year period.

Future Liquidity and Material Cash Requirements

Until such time, if ever, as we can generate substantial product revenue sufficient to cover our costs and capital investments, we may be required to finance our cash needs through a combination of equity offerings, debt financings, collaboration agreements, strategic alliances, licensing arrangements, government grants, and other available sources. Under the rules of the U.S. Securities and Exchange Commissions (“SEC”), we currently qualify as a “well-known seasoned issuer,” which allows us to file shelf registration statements to register an unspecified amount of securities that are effective upon filing. In May 2023, we filed such a shelf registration statement with the SEC for the issuance of an unspecified amount of ordinary shares (including in the form of ADSs), preferred shares, various series of debt securities and/or warrants to purchase any of such securities, either individually or in units, from time to time at prices and on terms to be determined at the time of any such offering. This registration statement was effective upon filing and will remain in effect for up to three years from filing, prior to which time we may file another shelf registration statement that will be effective for up to three years from filing.

MANAGEMENT DISCUSSION AND ANALYSIS

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of ADSs, ordinary shares, or RMB Shares. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends, and may require the issuance of warrants, which could potentially dilute our investors' ownership interest. If we raise additional funds through collaboration agreements, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our medicines or drug candidates, future revenue streams or research programs, or to grant licenses on terms that may not be favorable to us.

Furthermore, our ability to raise additional capital may be adversely impacted by worsening global economic conditions, with disruptions to, and volatility in, the credit and financial markets in the U.S. and worldwide, resulting from the effects of inflationary pressures, recent and potential future bank failures and otherwise. If these conditions persist and deepen, we could experience an inability to access additional capital or our liquidity could otherwise be impacted, which could in the future negatively affect our capacity for certain corporate development transactions or our ability to make other important, opportunistic investments. If we are unable to raise additional funds through equity or debt financings, collaborations or other sources when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market products or drug candidates that we would otherwise prefer to develop and market ourselves.

Our material cash requirements in the short- and long-term consist of the following operational, capital, and manufacturing expenditures, a portion of which contain contractual or other obligations. We plan to fund our material cash requirements with our current financial resources together with our anticipated receipts of accounts receivable and product sales.

Contractual and Other Obligations

The following table summarizes our significant contractual obligations as of the payment due date by period as of June 30, 2024:

	Payments Due by Period		
	Total	Short Term	Long Term
	(US dollars in thousands)		
Contractual obligations			
Operating lease commitments	58,835	11,082	47,753
Purchase commitments	120,366	91,544	28,822
Debt obligations	1,036,928	851,657	185,271
Interest on debt	60,841	40,772	20,069
Co-development funding commitment	412,647	80,312	332,335
Funding commitment	8,154	2,025	6,129
Capital commitments	62,576	62,576	–
	<u>1,760,347</u>	<u>1,139,968</u>	<u>620,379</u>
Total	1,760,347	1,139,968	620,379

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Lease Commitments

We lease office facilities in the U.S. and Switzerland, and office and manufacturing facilities in China under non-cancelable operating leases expiring on various dates. Payments under operating leases are expensed on a straight-line basis over the respective lease terms. The aggregate future minimum payments under these non-cancelable operating leases are summarized in the table above.

Purchase Commitments

As of June 30, 2024, non-cancellable purchase commitments amounted to US\$120.4 million, of which US\$28.8 million related to minimum purchase requirements for supply purchased from contract manufacturers and US\$91.5 million related to binding purchase obligations of inventory from Amgen. We do not have any minimum purchase requirements for inventory from Amgen.

Debt Obligations and Interest

Total debt obligations coming due in the next twelve months is US\$851.7 million. Total long-term debt obligations are US\$185.3 million. See Note 12 in the Notes to the Financial Statements for further detail of our debt obligations.

We have numerous financial and non-financial covenants on our debt obligations with various banks and other lenders. Some of these covenants include cross-default provisions that could require acceleration of repayment of loans in the event of default. However, our debt is primarily short-term in nature. Any acceleration would be a matter of months but may impact our ability to refinance debt obligations if an event of default occurs. As of June 30, 2024, we were in compliance with all covenants of our material debt agreements.

Interest on bank loans is paid quarterly until the respective loans are fully settled. For the purpose of contractual obligations calculation, current interest rates on floating rate obligations were used for the remainder contractual life of the outstanding borrowings.

Co-Development Funding Commitment

Under the Amgen collaboration, we are responsible for co-funding global development costs for the licensed Amgen oncology pipeline assets up to a total cap of US\$1.25 billion. We are funding our portion of the co-development costs by contributing cash and development services. As of June 30, 2024, our remaining co-development funding commitment was US\$412.6 million.

Funding Commitment

Funding commitment represents our committed capital related to two equity method investments. As of June 30, 2024, our remaining capital commitment was US\$8.2 million and is expected to be paid from time to time over the investment period.

Capital Commitments

We had capital commitments amounting to US\$62.6 million for the acquisition of property, plant and equipment as of June 30, 2024, related to various facilities across the globe, including the manufacturing and clinical R&D campus in Hopewell, New Jersey.

MANAGEMENT DISCUSSION AND ANALYSIS

Critical Accounting Policies and Significant Judgments and Estimates

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. These include, but are not limited to, estimating the useful lives of long-lived assets, estimating variable consideration in product sales and collaboration revenue arrangements, estimating the incremental borrowing rate for operating lease liabilities, identifying separate accounting units and the standalone selling price of each performance obligation in the Company's revenue arrangements, assessing the impairment of long-lived assets, valuation and recognition of share-based compensation expenses, realizability of deferred tax assets and the fair value of financial instruments. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies as of and for the six months ended June 30, 2024, as compared to those described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report for the year ended December 31, 2023.

For new accounting policies adopted during the six months ended June 30, 2024, see "Financial Statements – Notes to the Condensed Consolidated Financial Statements – 1. Description of Business, Basis of Presentation and Consolidation and Significant Accounting Policies – Significant accounting policies" in this report.

Interest Risk

We are exposed to risk related to changes in interest rates on our outstanding borrowings. We had US\$735.6 million of outstanding floating rate debt as of June 30, 2024. A 100-basis point increase in interest rates as of June 30, 2024 would increase our annual pre-tax interest expense by approximately US\$7.4 million.

Foreign Currency Exchange Rate Risk

We are exposed to foreign exchange risk arising from various currency exposures. Our reporting currency is the U.S. dollar, but a portion of our operating transactions and assets and liabilities are in other currencies, such as RMB, Euro, and Australian dollar. While we hold significant amounts of RMB, and are subject to foreign currency exchange risk upon revaluation or translation into our reporting currency, we expect to utilize our existing RMB cash deposits in the operation of our China business over the next several years, and as a result, have not used derivative financial instruments to hedge exposure to such risk.

RMB is not freely convertible into foreign currencies for capital account transactions. The value of RMB against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange prices. Since 2005, the RMB has been permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The RMB compared to the U.S. dollar depreciated approximately 2.2% in the six months ended June 30, 2024 and depreciated approximately 2.8% in the year ended December 31, 2023, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

To the extent that we need to convert U.S. dollars into RMB for capital expenditures, working capital and other business purposes, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us.

In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our foreign cash balances and trade receivables. Further, volatility in exchange rate fluctuations may have a significant impact on the foreign currency translation adjustments recorded in other comprehensive income (loss). We have not used derivative financial instruments to hedge exposure to foreign exchange risk.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation has had a material effect on our results of operations during the six months ended June 30, 2024.

Gearing Ratio

The gearing ratio of the Company, which was calculated by dividing total interest-bearing loans by total equity as of the end of the period, was 30.8% as of June 30, 2024, representing an increase from 25.0% as of December 31, 2023, primarily due to the increase of short-term debt and accumulated deficit.

Significant Investments Held

The Company has made a significant investment in its newly opened manufacturing and R&D center in Hopewell, New Jersey. As of June 30, 2024, the Company had land and construction in progress of US\$677.1 million related to the Hopewell facility, the majority of which will be put into service in the second half of 2024.

Except as disclosed above, we did not hold any other significant investments as of June 30, 2024.

Future Plans for Material Investments and Capital Assets

Except as disclosed in notes to the consolidated financial statements, we did not have other plans for material investments and capital assets as of June 30, 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended June 30, 2024, we did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

Employee and Remuneration Policy

As of the date of this report, we had a global team of over 10,000 employees, which increased from nearly 10,000 employees as of December 31, 2023. Most of our employees are full-time.

The remuneration policy and package of the Company's employees are periodically reviewed. In addition to cash compensation and benefits, we may issue share options, share appreciation rights, restricted shares, restricted share units, unrestricted shares, performance share awards, cash-based awards and dividend equivalent rights to our employees in accordance with our equity plans. We also provide external and internal training programs to our employees. The packages were set by benchmarking with companies in similar industries and companies of similar size. The total remuneration cost incurred by the Company for the six months ended June 30, 2024 was US\$891.8 million (For the six months ended June 30, 2023: US\$753.0 million).

Pledge of Assets

As of June 30, 2024, we pledged restricted deposits of US\$25.3 million primarily consisting of cash deposits held in designated bank accounts for collateral for letters of credit and letter of guarantee (December 31, 2023: US\$14.2 million), and land use right and certain property, plant and equipments and other long-term assets with a total carrying amount of US\$171.4 million (December 31, 2023: US\$200.4 million) were mainly secured for long-term bank loans.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities (as of December 31, 2023: nil).

Interim Dividend

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

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included in this report for information regarding recent accounting pronouncements.

OTHER INFORMATION

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

As of June 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares ("Shares"), underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which were required (a) to be notified to the Company and the HKEX 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 (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the HKEX pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of holding ⁽¹⁾
John V. Oyler	Beneficial owner	28,513,658 ⁽²⁾	2.07%
	Settlor of a trust/Beneficiary of a trust	9,545,000 ⁽³⁾	0.69%
	Settlor of a trust/Interest of a minor child	102,188 ⁽⁴⁾	0.01%
	Settlor of a trust/Beneficiary of a trust	7,727,927 ⁽⁵⁾	0.56%
	Settlor of a trust/Beneficiary of a trust	28,334,115 ⁽⁶⁾	2.06%
	Settlor of a trust	510,941 ⁽⁷⁾	0.04%
	Interest of a minor child	481,533 ⁽⁸⁾	0.04%
	Other	1,324,193 ⁽⁹⁾	0.10%
Xiaodong Wang	Beneficial owner	15,647,052 ⁽¹⁰⁾	1.14%
	Interest in controlled corporation	4,058,998 ⁽¹¹⁾	0.30%
	Other	1,127,542 ⁽¹²⁾	0.08%
	Interest of spouse	50 ⁽¹³⁾	0.000004%
Olivier Brandicourt	Beneficial owner	78,286 ⁽¹⁴⁾	0.01%
Margaret Dugan	Beneficial owner	164,307 ⁽¹⁵⁾	0.01%
Donald W. Glazer	Beneficial owner	3,159,151 ⁽¹⁶⁾	0.23%
Michael Goller	Person having a security interest in shares	503,724 ⁽¹⁷⁾	0.04%
Anthony C. Hooper	Beneficial owner	234,377 ⁽¹⁸⁾	0.02%
Ranjeev Krishana	Person having a security interest in shares	503,724 ⁽¹⁹⁾	0.04%
Alessandro Riva	Beneficial owner	164,307 ⁽²⁰⁾	0.01%
Corazon (Corsee) D. Sanders	Beneficial owner	186,992 ⁽²¹⁾	0.01%
Qingqing Yi	Beneficial owner	486,642 ⁽²²⁾	0.04%

OTHER INFORMATION

Notes:

- (1) The calculation is based on the total number of 1,375,532,739 Shares in issue as of June 30, 2024, which excluded 3,569,162 ordinary shares issued to the Company's depository in exchange for a corresponding amount of ADSs for the purposes of ensuring that it has ADSs readily available to satisfy the vesting of restricted share units and the exercise of share options from time to time.
- (2) Includes (1) 798,262 Shares held by Mr. Oyler, (2) Mr. Oyler's entitlement to receive up to 25,773,622 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options, (3) Mr. Oyler's entitlement to restricted share units equivalent to 960,846 Shares, subject to vesting conditions; and (4) Mr. Oyler's entitlement to performance share units equivalent to 980,928 Shares at maximum, subject to achievement of the target based on performance.
- (3) These Shares are held in a Roth IRA PENSCO trust account for the benefit of Mr. Oyler.
- (4) These Shares are held by The John Oyler Legacy Trust for the benefit of Mr. Oyler's minor child, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.
- (5) These Shares are held by a grantor retained annuity trust for the benefit of Mr. Oyler, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.
- (6) These Shares are held by Oyler Investment LLC, the interest of which is 99% owned by a grantor retained annuity trust for the benefit of Mr. Oyler, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.
- (7) These Shares are held by The Oyler Family Legacy Trust for the benefit of Mr. Oyler's family members, of which Mr. Oyler's father is a trustee and Mr. Oyler is the settlor.
- (8) These Shares are held by a trust, the beneficiaries of which include Mr. Oyler's minor child and others, in which Mr. Oyler is deemed to be interested for the purpose of the SFO.
- (9) These Shares are held by a private foundation of which Mr. Oyler and the other(s) serve as directors, in which Mr. Oyler is deemed to be interested for the purpose of the SFO.
- (10) Includes (1) 5,343,251 Shares held by Dr. Wang, (2) Dr. Wang's entitlement to receive up to 10,078,622 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options, and (3) Dr. Wang's entitlement to restricted share units equivalent to 225,179 Shares, subject to vesting conditions.
- (11) These Shares are held by Wang Investment LLC, the interest of which is 99% owned by two grantor retained annuity trusts, of which Dr. Wang's wife is a trustee and Dr. Wang is the Settlor.
- (12) These Shares are held by a family trust which Dr. Wang's family members are beneficiaries, in which Dr. Wang is deemed to be interested for the purpose of the SFO.
- (13) These Shares are held by Dr. Wang's spouse, in which Dr. Wang is deemed to be interested for the purposes of the SFO.
- (14) Includes (1) Mr. Brandicourt's entitlement to receive up to 61,945 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options; and (2) Mr. Brandicourt's entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.
- (15) Includes (1) 29,614 Shares held by Dr. Dugan; (2) Dr. Dugan's entitlement to receive up to 118,352 Shares pursuant to the exercise of options granted to her, subject to the conditions (including vesting conditions) of these options; and (3) Dr. Dugan's entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.

OTHER INFORMATION

- (16) Includes (1) 2,672,509 Shares held by Mr. Glazer; (2) Mr. Glazer's entitlement to receive up to 440,687 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Glazer's entitlement to restricted share units equivalent to 45,955 Shares, subject to vesting conditions.
- (17) Includes (1) 46,696 Shares held by Mr. Goller; (2) Mr. Goller's entitlement to receive up to 440,687 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Goller's entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.
- (18) Includes (1) 7,800 Shares held by Mr. Hooper; (2) Mr. Hooper's entitlement to receive up to 180,622 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of those options.; and (3) Mr. Hooper's entitlement to restricted share units equivalent to 45,955 Shares, subject to vesting conditions.
- (19) Includes (1) 46,696 Shares held by Mr. Krishana; (2) Mr. Krishana's entitlement to receive up to 440,687 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Krishana's entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.
- (20) Includes (1) 29,614 Shares held by Dr. Riva; (2) Dr. Riva's entitlement to receive up to 118,352 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Dr. Riva's entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.
- (21) Includes (1) 29,900 Shares held by Dr. Sanders; (2) Dr. Sanders' entitlement to receive up to 140,751 Shares pursuant to the exercise of options granted to her, subject to the conditions (including vesting conditions) of those options; and (3) Dr. Sanders' entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.
- (22) Includes (1) 29,614 Shares held by Mr. Yi; (2) Mr. Yi's entitlement to receive up to 440,687 Shares pursuant to the exercise of options granted to him, subject to the conditions (including vesting conditions) of these options; and (3) Mr. Yi's entitlement to restricted share units equivalent to 16,341 Shares, subject to vesting conditions.

Except as disclosed above, as of June 30, 2024, so far as was known to the Directors and chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to be interested under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the HKEX pursuant to the Model Code.

OTHER INFORMATION

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

As of June 30, 2024, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares/underlying shares	Approximate percentage of holding ⁽¹⁾
Amgen Inc.	Beneficial owner	246,269,426	17.90%
Julian C. Baker ⁽²⁾	Beneficial owner/Interest in controlled corporations/Person having a security interest in shares	138,757,831	10.09%
Felix J. Baker ⁽²⁾	Beneficial owner/Interest in controlled corporations/Person having a security interest in shares	138,757,831	10.09%
Baker Bros. Advisors (GP) LLC ⁽²⁾	Investment manager/Other	138,302,171	10.05%
Baker Bros. Advisors LP ⁽²⁾	Investment manager/Other	138,302,171	10.05%
HHLR Advisors, Ltd. ⁽³⁾	Investment manager	133,587,655	9.71%
HHLR Fund, L.P. ⁽³⁾	Beneficial owner	129,433,059	9.41%
Baker Brothers Life Sciences Capital, L.P. ⁽²⁾	Interest in controlled corporations/Other	126,893,311	9.23%
The Capital Group Companies, Inc. ⁽⁴⁾	Interest in controlled corporations	110,035,453	8.00%
JPMorgan Chase & Co. ⁽⁵⁾	Interest in controlled corporations	7,960,075	0.58%
		6,597,273(S)	0.48%(S)
	Investment manager	2,821,531	0.21%
	Person having a security interest in shares	715	0.0001%
	Trustee	7,319	0.0005%
	Approved lending agent	100,691,440	7.32%

Notes:

Unless otherwise specified, the above Shares are long position. (S) denotes short position.

(1) The calculation is based on the total number of 1,375,532,739 Shares in issue as of June 30, 2024, which excluded 3,569,162 ordinary shares issued to the Company's depository in exchange for a corresponding amount of ADSs for the purposes of ensuring that it has ADSs readily available to satisfy the vesting of restricted share units and the exercise of share options from time to time.

OTHER INFORMATION

- (2) Julian C. Baker and Felix J. Baker are the managing members of Baker Bros. Advisors (GP) LLC. Baker Bros. Advisors (GP) LLC is the general partner of Baker Bros. Advisors LP (“BBA”). BBA is the manager for securities held by 667, L.P. and Baker Brothers Life Sciences, L.P.. Also, Baker Brothers Life Sciences Capital, L.P. is the general partner of Baker Brothers Life Sciences, L.P. (the “Funds”). Unlisted derivatives include stock options and restricted stock received as compensation by two BBA employees (Michael Goller and Ranjeev Krishana) for their service on the Board of Directors of BeiGene, Ltd. and are controlled by BBA, with the Funds entitled to the pecuniary interest.

According to the corporate substantial shareholder notice for the date of relevant event of November 14, 2023 submitted by Baker Brothers Life Sciences Capital, L.P., Baker Bros. Advisors (GP) LLC, Julian C. Baker and Felix J. Baker, respectively, to HKEX on November 14, 2023, 125,986,847 Shares held by Baker Brothers Life Sciences, L.P. directly. For the purposes of the SFO, Julian C. Baker, Felix J. Baker, Baker Bros. Advisors (GP) LLC and BBA are deemed to be interested in the 11,408,860 Shares held by 667, L.P. and the 125,986,847 Shares held by Baker Brothers Life Sciences, L.P., and 723,996 Shares which unlisted derivatives are controlled by BBA, with the Funds entitled to the pecuniary interest. In addition, for the purposes of the SFO, Baker Brothers Life Sciences Capital, L.P. is deemed to be interested in the 125,986,847 Shares held by Baker Brothers Life Sciences, L.P., and 723,996 Shares which unlisted derivatives are controlled by BBA, with the Funds entitled to the pecuniary interest.

Outside the Funds, each of Julian C. Baker and Felix J. Baker further interests in (in the form of ADSs) 270,868 Shares personally and 144,517 Shares through FBB3 LLC, a controlled corporation.

- (3) (i) 133,587,655 Shares are held by HHLR Fund, L.P. and YHG Investment, L.P.; and (ii) 13,447,603 Shares are held by Hillhouse BGN Holdings Limited. HHLR Advisors, Ltd. acts as the sole general partner of YHG Investment, L.P. and the sole management company of HHLR Fund, L.P.. Hillhouse Capital Management, Ltd. is the sole management company of Hillhouse Fund II, L.P., which owns Hillhouse BGN Holdings Limited. Under the SFO, HHLR Advisors, Ltd. is deemed to be interested in the 133,587,655 Shares held by HHLR Fund, L.P. and YHG Investment, L.P. and Hillhouse Capital Management, Ltd. is deemed to be interested in the 13,447,603 Shares held by Hillhouse BGN Holdings Limited. Under the SFO, Hillhouse Fund II, L.P. is deemed to be interested in the 13,447,603 Shares held by Hillhouse BGN Holdings Limited.
- (4) (i) 11,057,735 Shares are held by Capital International, Inc.; (ii) 1,030,864 Shares held by Capital International Limited; (iii) 2,543,315 Shares are held by Capital International Sarl; (iv) 92,623,415 Shares are held by Capital Research and Management Company; (v) 220,736 Shares are held by Capital Group Investment Management Private Limited; and (vi) 2,559,388 Shares are held by Capital Group Private Client Services, Inc..

Capital Group International, Inc. is wholly owned by Capital Research and Management Company. Capital International, Inc., Capital International Limited, Capital International Sarl, Capital Group Investment Management Private Limited and Capital Group Private Client Services, Inc. are wholly owned by Capital Group International, Inc. Capital Bank and Trust Company is wholly owned by The Capital Group Companies, Inc. For the purposes of the SFO, Capital Research and Management Company and Capital Group International, Inc. are deemed to be interested in the 17,412,038 Shares held by Capital International, Inc., Capital International Limited, Capital International Sarl, Capital Group Investment Management Private Limited and Capital Group Private Client Services, Inc..

Capital Research and Management Company is wholly owned by The Capital Group Companies Inc. For the purposes of the SFO, The Capital Group Companies Inc. is deemed to be interested in the 110,035,453 Shares held by Capital Research and Management Company directly and indirectly.

- (5) According to the shareholding disclosures notice regarding the relevant event dated June 14, 2024 submitted by JPMorgan Chase & Co. to HKEX, an aggregated 111,481,080 shares (long position), 6,597,273 shares (short position) and 100,691,440 shares (lending pool) of the Company are held by JPMorgan Chase & Co. indirectly through its certain subsidiaries. Among them, 1,653,836 shares (long position) and 100,377 (short position) are cash settled unlisted derivatives.

Except as disclosed above, as of June 30, 2024, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

SHARE SCHEMES

The Company currently has three existing share schemes, namely the 2011 Plan, the Amended 2016 Plan and the Amended 2018 ESPP. For a summary of the key terms of the 2011 Plan, the 2016 Plan (prior to its amendment on June 5, 2024) and the 2018 ESPP (prior to its amendment on June 5, 2024), please refer to the annual report of the Company for the year ended December 31, 2023.

Amendment of Share Schemes during the Reporting Period

The Company amended the 2016 Plan and the 2018 ESPP as the Third Amended and Restated 2016 Share Option and Incentive Plan (the “Amended 2016 Plan”) and the Fourth Amended and Restated 2018 Employee Share Purchase Plan (the “Amended 2018 ESPP”), respectively, at the 2024 annual general meeting held on June 5, 2024 to comply with Chapter 17 of the HK Listing Rules. For a summary of the key terms of the Amended 2016 Plan and the Amended 2018 ESPP, please refer to the circular of the Company dated April 26, 2024 and the below sections.

Scheme Mandate Limit and Consultant Sublimit

With effect from June 5, 2024, the scheme mandate limit comprised (i) 92,820,000 Shares added in the Amended 2016 Plan to be reserved and available for issuance for equity awards yet to be granted under the Amended 2016 Plan; (ii) 35,169,094 Shares reserved and available for issuance for equity awards yet to be granted under the Amended 2016 Plan; (iii) 5,070,000 Shares added in the Amended 2018 ESPP to be available for issuance pursuant to options to be granted under the Amended 2018 ESPP; and (iv) 919,678 Shares available for issuance pursuant to options to be granted under the Amended 2018 ESPP. After grants made during the period from June 5, 2024 to June 30, 2024, 88,049,174 Shares were available for grant under the scheme mandate limit as at June 30, 2024.

Within the scheme mandate limit, the maximum number of Shares underlying awards granted to consultants may not exceed 20,409,697 Shares. No consultant sublimit was set under the 2016 Plan or the 2018 ESPP prior to their amendment and restatement as the Amended 2016 Plan and Amended 2018 ESPP. During the period from June 5, 2024 to June 30, 2024, no grants were made to consultants. It follows that as at June 30, 2024, 20,409,697 Shares were available for grant under the consultant sublimit.

Further details regarding the movements during the Reporting Period (including during the period from June 5, 2024 to June 30, 2024) under each share scheme are set out below.

53,196,494 new Shares, representing approximately 3.87% of the weighted average number of Shares for the Reporting Period, may be issued in respect of options and awards granted during the Reporting Period to eligible participants pursuant to all of the share schemes. For avoidance of doubt, the aforementioned figures have not taken into account the Shares to be purchased under the 2018 ESPP pursuant to the offering period from March 1, 2024 to August 31, 2024, as the relevant number of Shares cannot be determined until the end of the offering period (i.e. August 31, 2024).

OTHER INFORMATION

1. 2011 Option Plan

The 2011 Plan was approved by the Board on April 15, 2011 and most recently amended on April 17, 2015 and the Board determined not to grant any further options under the 2011 Plan after February 2, 2016 when the 2016 Share Option and Incentive Plan became effective.

Purpose

The purpose of the 2011 Plan is to enable persons providing (or expected to provide) services to the Company to acquire ordinary shares in the Company. Anyone having or expected to have a service relationship with the Company (including prospective employees or others, conditional upon their subsequent employment or service relationship) shall be eligible to receive Options under this Plan.

Eligible Participants

The Board or committee has full power to select the individuals to whom awards will be granted.

Maximum Number of Shares Available for Grant and Issue

The overall limit on the number of underlying Shares pursuant to the 2011 Plan is 43,560,432 Shares. Given that no further options have been or would be granted after February 2, 2016 when the 2016 Share Option and Incentive Plan became effective, the outstanding number of options would be equivalent to the number of Shares available for issue under the 2011 Plan. As at January 1, 2024, 1,427,686 Shares were available for issue under the 2011 Plan. 626,470 new Shares were issued during the Reporting Period pursuant to the 2011 Plan. It follows that, as at June 30, 2024 and as at September 16, 2024, 801,184 new Shares and 751,830 new Shares (representing approximately 0.1% of the issued share capital of the Company as at September 16, 2024) were available for issue under the 2011 Plan, respectively.

Maximum Entitlement of Each Participant

Under the 2011 Plan, there is no specific limit on the maximum number of options which may be granted to a single eligible participant under the 2011 Plan.

Exercise Period

The Board or committee may fix the term of each option, up to a maximum of 10 years from the grant date, and determine at what time or times each option may be exercised when granting an option.

Vesting Period

The Board or committee may determine the vesting period of each option.

OTHER INFORMATION

Exercise Price

The option exercise price of each option granted under the 2011 Plan is determined by the Board or board committee and may not be less than the fair market value of an ordinary share on the date of grant or the par value of the shares issuable thereunder. The exercise price of all of the options granted under the 2011 Plan is between US\$0.01 and US\$1.85 per Share.

Remaining Life of the 2011 Plan

The Board may, at any time, amend or discontinue the 2011 Plan and the Board determined not to grant any further options under the 2011 Plan after February 2, 2016 when the 2016 Share Option and Incentive Plan became effective.

Further details of the 2011 Plan are set out in the prospectus of the Company dated July 30, 2018 (the "Prospectus").

OTHER INFORMATION

Outstanding Options under the 2011 Plan

As of June 30, 2024, the Company had conditionally granted options to 240 participants under the 2011 Plan. All of the options under the 2011 Plan were granted between May 20, 2011 and January 31, 2016 (both days inclusive). Details of the movements of the options granted under the 2011 Plan from January 1, 2024 to June 30, 2024 are as follows:

Name of grantee	Role	Date of grant	Exercise period	Exercise price	Number of options				Outstanding as at June 30, 2024
					Outstanding as at January 1, 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	
	Directors of the Company								
Xiaodong Wang	Non-executive Director	June 29, 2015 ⁽¹⁾	10 years from the date of grant	US\$0.50	500,000	—	—	—	500,000
Thomas Malley*	Former Independent Non-executive Director	January 25, 2016 ⁽²⁾	10 years from the date of grant ⁽⁶⁾	US\$1.85	552,752	552,747 ⁽⁴⁾	—	—	5
	Senior Management of the Company								
Lai Wang	Global Head of R&D	June 29, 2015 ⁽⁸⁾	10 years from the date of grant	US\$0.50	11	—	—	—	11
	Other grantees								
In aggregate	Employees	Between May 20, 2011 and January 31, 2016 ⁽³⁾	10 years from the date of grant	Between US\$0.01 to US\$1.85	327,621	69,940 ⁽⁵⁾	—	32	257,649
In aggregate	Service providers	Between May 20, 2011 and January 31, 2016 ⁽³⁾	10 years from the date of grant	Between US\$0.01 to US\$1.85	47,302	3,783 ⁽⁷⁾	—	—	43,519
Total					<u>1,427,686</u>	<u>626,470</u>	<u>-</u>	<u>32</u>	<u>801,184</u>

OTHER INFORMATION

Notes:

- * Mr. Thomas Malley was an independent non-executive Director of the Company at the time of grants and resigned as an independent non-executive Director of the Company on January 22, 2024.
- (1) 20% of the options become exercisable on the first anniversary of the grant date. The remaining 80% become exercisable in 48 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 20%.
- (2) One-third of the options become exercisable on each anniversary of the grant date.
- (3) 20%/25% of the options become exercisable on the first anniversary of the grant date. The remaining 80%/75% become exercisable in 48/36 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 20%/25%. Certain options may be subject to accelerated vesting upon change in control and/or termination.
- (4) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the options were exercised ranged from US\$12.39 to US\$13.08.
- (5) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the options were exercised was ranged from US\$10.91 to US\$13.40. The exercise price of the exercised options was ranged from US\$0.30 to US\$1.85.
- (6) In connection with Mr. Thomas Malley's resignation as an independent non-executive Director of the Company on January 22, 2024 and the consulting agreement between Mr. Thomas Malley and the Company dated January 23, 2024, the exercise period of the vested options shall be six months after January 22, 2024.
- (7) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the options were exercised was US\$10.97. The exercise price of the exercised options was US\$0.01.

OTHER INFORMATION

2. Second Amended and Restated 2016 Share Option and Incentive Plan (amended as the Third Amended and Restated 2016 Share Option and Incentive Plan on June 5, 2024)

Further details of the Amended 2016 Plan are set out below and in Note 16 to the consolidated financial statements.

Purpose

The purpose of the Amended 2016 Plan is to encourage and enable the officers, employees, non-employee Directors and consultants of the Group upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its businesses to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company will assure a closer identification of their interests with those of the Company and its shareholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

Eligible Participants

General Eligibility

Full-time and part-time officers, employees, non-employee Directors and consultants of the Group as selected from time to time by the administrator are eligible to participate in the Amended 2016 Plan.

Consultant Eligibility

To be grantees under the Amended 2016 Plan, consultants must be persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including but not limited to services in research, development, manufacturing, commercial, medical affairs, business development, strategy and operations) which are in the interests of the long-term growth of the Group. For the avoidance of doubt, consultants exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions for the Group, and also exclude professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity for the Group.

To determine if a grantee is eligible to be a consultant, the administrator shall consider (i) the length (being the period of engagement or service), recurrences and regularity of such services; (ii) the type of services provided (such as services in research, development, manufacturing, commercial, medical affairs, business development, strategy and operations); (iii) the expertise, professional qualifications and industry experience of the Consultant; (iv) the quality of such services; (v) whether such services form part of or are directly ancillary to the businesses conducted by the Group; (vi) the remuneration packages of comparable listed peers for similar service providers based on available information in the industry; and (vii) the prevailing market fees chargeable by other services.

OTHER INFORMATION

Maximum Number of Shares Available for Grant

As at January 1, 2024, 37,575,472 Shares were available for grant under the 2016 Plan. During the period from January 1, 2024 to June 4, 2024, awards representing 4,732,637 underlying Shares were granted to eligible participants pursuant to the 2016 Plan. On June 5, 2024, the 2016 Plan was amended and restated as the Amended 2016 Plan and a new scheme mandate limit and consultant sublimit, details of which are set out in the section headed “Scheme Mandate Limit and Consultant Sublimit” above, was adopted. During the period from June 5, 2024 to June 30, 2024, awards representing 48,463,857 underlying Shares were granted under the Amended 2016 Plan, of which none were granted to consultants. It follows that, as at June 30, 2024 and September 16, 2024, 82,059,496 and 82,355,857 Shares (including 20,409,697 and 20,409,697 Shares under the consultant sublimit respectively) were available for grant under the Amended 2016 Plan, respectively.

Maximum Number of Shares Available for Issue

As at January 1, 2024, 165,493,255 new Shares were available for issue under the 2016 Plan. During the period from January 1, 2024 to June 4, 2024, 4,282,889 new Shares were issued pursuant to the 2016 Plan. On June 5, 2024, the 2016 Plan was amended and restated as the Amended 2016 Plan and a new scheme mandate limit and consultant sublimit, details of which are set out in the section headed “Scheme Mandate Limit and Consultant Sublimit” above, was adopted. During the period from June 5, 2024 to June 30, 2024, 14,882,790 new Shares were issued pursuant to the Amended 2016 Plan. It follows that, as at June 30, 2024 and September 16, 2024, 239,147,604 new Shares and 236,409,361 new Shares (representing approximately 17.14% of the issued share capital of the Company as at September 16, 2024) were available for issue under the Amended 2016 Plan, respectively.

Maximum Entitlement of Each Grantee

There is no specific maximum entitlement for each grantee under the Amended 2016 Plan. Unless approved by our shareholders in a general meeting, the total number of Shares issued and to be issued upon the exercise of share options or other awards granted and to be granted under the Amended 2016 Plan and any other equity plans of the Company to a grantee within any 12-month period shall not exceed 1% of the Shares in issue at the date of any grant.

Exercise Period

The administrator may determine at the time of grant any minimum period(s) for which a share option must be held and/or any minimum performance target(s) that must be achieved, before the share option can be exercised in whole or in part, and may include at the discretion of the administrator such other terms either on a case by case basis or generally.

The term of each share option shall be fixed by the administrator, but no share option shall be exercisable more than ten years after the date the share option is granted. Any share option granted but not exercised by the end of its option term will automatically lapse.

OTHER INFORMATION

Vesting Period

In respect of RSUs and PSUs, the administrator may determine the conditions and restrictions of grant, which may include the achievement of certain performance goals and/or continued employment or service with us through a specified vesting period.

The administrator shall have the power and authority to determine the vesting period of any award, which shall not be less than 12 months, except that any award granted to employees and non-employee Directors may be subject to a shorter vesting period, including:

- (1) grants of a “make whole” award to a new employee or a non-employee Director to replace awards or options such employee or non-employee Director forfeited when leaving his/her previous employer;
- (2) grants of an award to an employee or a non-employee Director whose employment or appointment is terminated due to death or disability or occurrence of any out of control event;
- (3) initial or annual grants of an award to a non-employee Director, the vesting of which shall occur at the earlier of the first anniversary of the grant date or the date of the next annual general meeting of shareholders;
- (4) grants of an award which is subject to the fulfilment of performance targets as determined in the conditions of the grant;
- (5) grants of an award, the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant employee or non-employee Director, in which case the vesting period may be shorter to take account of the time from which the award would have been granted if not for such administrative or compliance requirements;
- (6) grants of an award with a mixed or accelerated vesting schedule; or
- (7) grants of an award with a total vesting and holding period of more than 12 months.

Exercise Price

The exercise price of any share option grants under the Amended 2016 Plan shall be determined by the administrator at the time of grant but shall not be less than the higher of (x) the fair market value of our ordinary shares on the close of business on the date such option is granted, based on the closing price of our ADSs on the NASDAQ, and (y) the average closing price of our ordinary shares over the preceding five trading days, based on the closing price of our ADSs on the NASDAQ.

Consideration

No consideration is required to be paid by the grantees for the grant of options, RSUs and PSUs under the Amended 2016 Plan.

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Expiration of the Amended 2016 Plan

The Amended 2016 Plan will expire on April 13, 2030. The remaining life of the Amended 2016 Plan is approximately 5.5 years.

Movements of the Options under the 2016 Plan and the Amended 2016 Plan

As of June 30, 2024, the Company had conditionally granted options to 1,176 participants under the 2016 Plan and the Amended 2016 Plan. All of the options under the 2016 Plan and the Amended 2016 Plan were granted between February 8, 2016 and June 28, 2024 (both days inclusive). The exercise price of all the options granted under the 2016 Plan and the Amended 2016 Plan is between US\$0.5 and US\$28.81 per Share.

As of January 1, 2024, 61,516,760 Shares were outstanding pursuant to options granted under the 2016 Plan, and as of June 30, 2024, 67,378,462 Shares were outstanding under the 2016 Plan and the Amended 2016 Plan. Details of the movements of the options granted during the Reporting Period were as follows:

Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
John V. Oyler	Directors of the Company Executive Director, Chairman and Chief Executive Officer	November 16, 2016 ⁽³⁾	10 years from the date of grant	US\$2.79	N/A	US\$2.84	2,047,500	-	-	-	-	2,047,500	
		September 27, 2017 ⁽³⁾	10 years from the date of grant	US\$6.73	N/A	US\$7.70	935,000	-	-	-	-	935,000	
		April 30, 2018 ⁽³⁾	10 years from the date of grant	US\$13.37	N/A	US\$13.04	996,810	-	-	-	-	996,810	
		June 26, 2018 ⁽³⁾	10 years from the date of grant	US\$12.70	N/A	US\$12.34	1,310,088	-	-	-	-	1,310,088	
		June 5, 2019 ⁽³⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	2,193,282	-	-	-	-	2,193,282	
		June 17, 2020 ⁽³⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	1,821,976	-	-	-	-	1,821,976	
		June 16, 2021 ⁽³⁾	10 years from the date of grant	US\$25.54	N/A	US\$26.53	906,906	-	-	-	-	906,906	
		June 22, 2022 ⁽³⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	1,887,678	-	-	-	-	1,887,678	
		June 15, 2023 ⁽³⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	1,349,907	-	-	-	-	1,349,907	
		June 5, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	923,975	-	-	-	923,975	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Xiaodong Wang	Non-executive Director	November 16, 2016 ⁽³⁾	10 years from the date of grant	US\$2.79	N/A	US\$2.84	1,613,430	-	-	-	-	1,613,430	
		September 27, 2017 ⁽³⁾	10 years from the date of grant	US\$6.73	N/A	US\$7.70	750,000	-	-	-	-	750,000	
		June 26, 2018 ⁽³⁾	10 years from the date of grant	US\$12.70	N/A	US\$12.34	655,044	-	-	-	-	655,044	
		June 5, 2019 ⁽³⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	747,708	-	-	-	-	747,708	
		June 17, 2020 ⁽³⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	560,599	-	-	-	-	560,599	
		June 16, 2021 ⁽³⁾	10 years from the date of grant	US\$25.54	N/A	US\$26.53	241,839	-	-	-	-	241,839	
		June 22, 2022 ⁽³⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	471,913	-	-	-	-	471,913	
		June 15, 2023 ⁽³⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	327,249	-	-	-	-	327,249	
		June 5, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	410,657	-	-	-	410,657	
Anthony C. Hooper	Independent Non-executive Director	March 3, 2020 ⁽⁵⁾	10 years from the date of grant	US\$12.62	N/A	US\$12.22	21,970	-	-	-	-	21,970	
		June 17, 2020 ⁽⁵⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	45,383	-	-	-	-	45,383	
		June 16, 2021 ⁽⁵⁾	10 years from the date of grant	US\$25.54	N/A	US\$26.53	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁵⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151			
Olivier Brandicourt	Independent Non-executive Director	February 29, 2024 ⁽⁵⁾	10 years from the date of grant	US\$13.73	N/A	US\$12.74	-	27,794	-	-	-	27,794	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Margaret Han Dugan	Independent Non-executive Director	February 28, 2022 ⁽⁵⁾	10 years from the date of grant	US\$16.47	N/A	US\$16.22	22,581	-	-	-	-	22,581	
		June 22, 2022 ⁽⁵⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	
Donald W. Glazer	Independent Non-executive Director	April 19, 2017 ⁽⁴⁾	10 years from the date of grant	US\$2.84	N/A	US\$2.83	199,992	-	-	-	-	199,992	
		June 6, 2018 ⁽⁵⁾	10 years from the date of grant	US\$15.73	N/A	US\$16.15	17,442	-	-	-	-	17,442	
		June 5, 2019 ⁽⁵⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	64,610	-	-	-	-	64,610	
		June 17, 2020 ⁽⁵⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	45,383	-	-	-	-	45,383	
		June 16, 2021 ⁽⁵⁾	10 years from the date of grant	US\$25.54	N/A	US\$25.63	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁵⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	
Michael Goller	Independent Non-executive Director	April 19, 2017 ⁽⁴⁾	10 years from the date of grant	US\$2.84	N/A	US\$2.83	199,992	-	-	-	-	199,992	
		June 6, 2018 ⁽⁵⁾	10 years from the date of grant	US\$15.73	N/A	US\$16.15	17,442	-	-	-	-	17,442	
		June 5, 2019 ⁽⁵⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	64,610	-	-	-	-	64,610	
		June 17, 2020 ⁽⁵⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	45,383	-	-	-	-	45,383	
		June 16, 2021 ⁽⁵⁾	10 years from the date of grant	US\$25.54	N/A	US\$25.63	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁵⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Ranjeev Krishana	Independent Non-executive Director	April 19, 2017 ⁽⁴⁾	10 years from the date of grant	US\$2.84	N/A	US\$2.83	199,992	-	-	-	-	199,992	
		June 6, 2018 ⁽⁵⁾	10 years from the date of grant	US\$15.73	N/A	US\$16.15	17,442	-	-	-	-	17,442	
		June 5, 2019 ⁽⁵⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	64,610	-	-	-	-	64,610	
		June 17, 2020 ⁽⁵⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	45,383	-	-	-	-	45,383	
		June 16, 2021 ⁽⁵⁾	10 years from the date of grant	US\$25.54	N/A	US\$25.63	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁵⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	
Thomas Malley	Former Independent Non-executive Director	June 2, 2017 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$2.94	US\$13.08	US\$3.15	169,988	-	169,988	-	-	-	
		June 6, 2018 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$15.73	N/A	US\$16.15	17,442	-	-	-	-	17,442	
		June 5, 2019 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$9.25	US\$13.09	US\$9.23	64,610	-	64,610	-	-	-	
		June 17, 2020 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$13.33	N/A	US\$13.42	45,383	-	-	-	-	45,383	
		June 16, 2021 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$25.54	N/A	US\$25.63	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant ⁽¹⁰⁾	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Corazon D. Sanders	Independent Non-executive Director	August 24, 2020 ⁽³⁾	10 years from the date of grant	US\$18.50	N/A	US\$18.26	27,482	-	-	-	-	27,482	
	Director	June 16, 2021 ⁽⁶⁾	10 years from the date of grant	US\$25.54	N/A	US\$25.63	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁶⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁶⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	
Alessandro Riva	Independent Non-executive Director	February 28, 2022 ⁽⁵⁾	10 years from the date of grant	US\$16.47	N/A	US\$16.22	22,581	-	-	-	-	22,581	
	Director	June 22, 2022 ⁽⁵⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁵⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	
Qingqing Yi	Independent Non-executive Director	April 19, 2017 ⁽⁴⁾	10 years from the date of grant	US\$2.84	N/A	US\$2.83	199,992	-	-	-	-	199,992	
	Director	June 6, 2018 ⁽⁵⁾	10 years from the date of grant	US\$15.73	N/A	US\$16.15	17,442	-	-	-	-	17,442	
		June 5, 2019 ⁽⁵⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	64,610	-	-	-	-	64,610	
		June 17, 2020 ⁽⁶⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	45,383	-	-	-	-	45,383	
		June 16, 2021 ⁽⁶⁾	10 years from the date of grant	US\$25.54	N/A	US\$25.63	17,498	-	-	-	-	17,498	
		June 22, 2022 ⁽⁶⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	34,645	-	-	-	-	34,645	
		June 15, 2023 ⁽⁶⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	26,975	-	-	-	-	26,975	
		June 5, 2024 ⁽⁵⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	34,151	-	-	-	34,151	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Senior Management of the Company													
Xiaboin Wu	President,	April 30, 2018 ⁽⁶⁾	10 years from the date of grant	US\$13.37	N/A	US\$13.04	766,599	-	-	-	-	766,599	
	Chief Operating Officer and General Manager of China	June 5, 2019 ⁽³⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	797,550	-	-	-	-	797,550	
		June 17, 2020 ⁽³⁾	10 years from the date of grant	US\$13.42	N/A	US\$13.33	756,821	-	-	-	-	756,821	
		June 16, 2021 ⁽³⁾	10 years from the date of grant	US\$25.54	N/A	US\$25.63	483,678	-	-	-	-	483,678	
		June 22, 2022 ⁽³⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	1,061,814	-	-	-	-	1,061,814	
		June 15, 2023 ⁽³⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	760,851	-	-	-	-	760,851	
		June 5, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	477,386	-	-	-	477,386	
Julia Wang**	Former Chief Financial Officer	June 30, 2020 ⁽³⁾	10 years from the date of grant ⁽¹¹⁾	US\$14.55	N/A	US\$14.66	104,754	-	-	-	-	104,754	
		June 16, 2021 ⁽³⁾	10 years from the date of grant ⁽¹¹⁾	US\$25.54	N/A	US\$26.53	177,853	-	-	-	-	177,853	
		June 22, 2022 ⁽³⁾	10 years from the date of grant ⁽¹¹⁾	US\$11.74	N/A	US\$11.98	589,888	-	-	-	-	589,888	
		June 15, 2023 ⁽³⁾	10 years from the date of grant ⁽¹¹⁾	US\$16.01	N/A	US\$16.41	409,058	-	-	-	-	409,058	
		June 5, 2024 ⁽³⁾	10 years from the date of grant ⁽¹¹⁾	US\$11.93	N/A	US\$12.23	-	256,659	-	-	-	256,659	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Lai Wang	Global Head of R&D	June 26, 2018 ⁽³⁾	10 years from the date of grant	US\$12.70	N/A	US\$12.34	364,208	-	-	-	-	364,208	
		June 5, 2019 ⁽³⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	558,285	-	-	-	-	558,285	
		June 17, 2020 ⁽³⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	525,564	-	-	-	-	525,564	
		June 16, 2021 ⁽³⁾	10 years from the date of grant	US\$25.54	N/A	US\$26.53	332,527	-	-	-	-	332,527	
		June 22, 2022 ⁽³⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	707,876	-	-	-	-	707,876	
		June 15, 2023 ⁽³⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	507,234	-	-	-	-	507,234	
		June 5, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	318,253	-	-	-	318,253	
Chan Lee	SVP, General Counsel	August 5, 2022 ⁽³⁾	10 years from the date of grant	US\$2.26	N/A	US\$2.27	188,929	-	-	-	-	188,929	
		June 15, 2023 ⁽³⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	248,950	-	-	-	-	248,950	
		June 5, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	184,795	-	-	-	184,795	
In Aggregate	Service Provider	July 13, 2016 ⁽³⁾	10 years from the date of grant	US\$2.27	N/A	US\$2.29	200,000	-	-	-	-	200,000	
		February 29, 2024 ⁽²⁾	10 years from the date of grant	US\$13.73	N/A	US\$12.74	-	16,380	-	-	-	16,380	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
In Aggregate	Employees	July 13, 2016 ⁽³⁾	10 years from the date of grant	US\$2.27	US\$13.69	US\$2.29	2,754,293	-	130,000	-	7	2,624,286	
		July 22, 2016 ⁽³⁾	10 years from the date of grant	US\$2.13	US\$13.08	US\$2.10	68,827	-	12,974	-	-	55,853	
		July 22, 2016 ⁽³⁾	10 years from the date of grant	US\$2.13	US\$12.55	US\$2.10	732,232	-	20,475	-	14	711,743	
		July 29, 2016 ⁽³⁾	10 years from the date of grant	US\$2.11	N/A	US\$2.02	3	-	-	3	-	-	
		October 12, 2016 ⁽³⁾	10 years from the date of grant	US\$2.48	N/A	US\$2.42	6	-	-	-	-	6	
		October 17, 2016 ⁽³⁾	10 years from the date of grant	US\$2.42	US\$11.65	US\$2.55	56,212	-	10,725	-	-	45,487	
		November 30, 2016 ⁽³⁾	10 years from the date of grant	US\$2.43	N/A	US\$2.44	1,274	-	-	-	-	1,274	
		December 9, 2016 ⁽³⁾	10 years from the date of grant	US\$2.07	N/A	US\$2.09	34,099	-	-	-	-	34,099	
		January 3, 2017 ⁽³⁾	10 years from the date of grant	US\$2.34	N/A	US\$2.39	7,800	-	-	-	-	7,800	
		January 17, 2017 ⁽³⁾	10 years from the date of grant	US\$2.51	US\$13.00	US\$2.53	35,763	-	650	-	-	35,113	
		February 1, 2017 ⁽³⁾	10 years from the date of grant	US\$2.68	N/A	US\$2.77	144,989	-	-	-	-	144,989	
		February 6, 2017 ⁽³⁾	10 years from the date of grant	US\$2.76	N/A	US\$2.76	32,201	-	-	-	-	32,201	
		February 13, 2017 ⁽³⁾	10 years from the date of grant	US\$2.77	US\$12.39	US\$2.77	9,243	-	7,800	-	-	1,443	
		March 13, 2017 ⁽³⁾	10 years from the date of grant	US\$3.08	N/A	US\$3.02	116,701	-	-	-	-	116,701	
		March 20, 2017 ⁽³⁾	10 years from the date of grant	US\$3.04	US\$12.05	US\$3.04	69,368	-	19,500	-	-	49,868	
		March 31, 2017 ⁽³⁾	10 years from the date of grant	US\$2.81	US\$11.02	US\$2.82	28,704	-	858	-	-	27,846	

OTHER INFORMATION

Name of grantee	Role	Date of grant	Exercise period	Price on		Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
				day prior to grant ⁽¹⁾	day prior to exercise date ⁽²⁾			Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
In Aggregate	Employees	May 2, 2017 ⁽⁶⁾	10 years from the date of grant	US\$3.13	US\$13.98	US\$3.12	100,854	-	403	-	-	100,451	
		May 3, 2017 ⁽⁶⁾	10 years from the date of grant	US\$3.12	N/A	US\$3.12	11,999	-	-	-	-	11,999	
		June 1, 2017 ⁽⁶⁾	10 years from the date of grant	US\$2.83	US\$12.79	US\$2.94	147,914	-	75,907	-	-	72,007	
		June 12, 2017 ⁽⁶⁾	10 years from the date of grant	US\$2.99	US\$11.85	US\$3.00	12,727	-	12,727	-	-	-	
		June 14, 2017 ⁽⁶⁾	10 years from the date of grant	US\$3.04	US\$13.45	US\$3.05	407,160	-	5,941	-	-	401,219	
		June 15, 2017 ⁽⁶⁾	10 years from the date of grant	US\$3.05	US\$11.74	US\$3.04	2,747,446	-	157,976	-	-	2,589,470	
		June 27, 2017 ⁽⁶⁾	10 years from the date of grant	US\$3.50	US\$13.63	US\$3.49	2,132,624	-	65,208	-	-	2,067,416	
		June 29, 2017 ⁽⁶⁾	10 years from the date of grant	US\$3.50	N/A	US\$3.45	33,657	-	-	-	-	33,657	
		July 10, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.40	US\$13.00	US\$5.45	1,300	-	1,300	-	-	-	
		July 17, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.67	US\$12.66	US\$4.19	234,130	-	13,741	-	-	220,389	
		July 31, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.58	US\$13.08	US\$5.42	60,996	-	60,996	-	-	-	
		July 31, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.58	N/A	US\$5.42	285,519	-	-	-	-	285,519	
		August 1, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.42	N/A	US\$5.58	39,000	-	-	-	-	39,000	
		August 3, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.45	N/A	US\$5.51	19,994	-	-	-	-	19,994	
		August 7, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.56	N/A	US\$5.95	39,000	-	-	-	-	39,000	
		August 28, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.29	N/A	US\$5.28	24,167	-	-	-	-	24,167	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
In Aggregate	Employees	August 31, 2017 ⁽⁶⁾	10 years from the date of grant	US\$5.30	US\$12.42	US\$5.30	168,168	-	15,743	-	-	152,425	
		September 5, 2017 ⁽⁹⁾	10 years from the date of grant	US\$5.78	N/A	US\$5.68	35,009	-	-	-	-	35,009	
		September 18, 2017 ⁽⁹⁾	10 years from the date of grant	US\$6.22	N/A	US\$6.37	22,269	-	-	-	-	22,269	
		September 25, 2017 ⁽⁹⁾	10 years from the date of grant	US\$6.55	US\$12.61	US\$6.56	121,992	-	70,499	-	-	51,493	
		September 29, 2017 ⁽⁹⁾	10 years from the date of grant	US\$7.49	N/A	US\$7.96	37,492	-	-	-	-	37,492	
		November 1, 2017 ⁽⁹⁾	10 years from the date of grant	US\$7.10	US\$12.16	US\$6.84	199,056	-	108,862	-	-	90,194	
		November 30, 2017 ⁽⁹⁾	10 years from the date of grant	US\$6.38	N/A	US\$6.15	10,764	-	-	-	-	10,764	
		January 5, 2018 ⁽⁹⁾	10 years from the date of grant	US\$7.72	N/A	US\$7.58	19,071	-	-	-	-	19,071	
		January 31, 2018 ⁽⁹⁾	10 years from the date of grant	US\$9.52	N/A	US\$10.44	80,017	-	-	-	-	80,017	
		April 30, 2018 ⁽⁹⁾	10 years from the date of grant	US\$13.37	N/A	US\$13.04	6,149	-	-	-	-	6,149	
		June 6, 2018 ⁽⁵⁾	10 years from the date of grant	US\$15.73	N/A	US\$16.15	17,442	-	-	-	-	17,442	
		June 26, 2018 ⁽⁵⁾	10 years from the date of grant	US\$12.70	US\$13.11	US\$12.34	641,433	-	75,660	-	-	565,773	
		June 29, 2018 ⁽⁵⁾	10 years from the date of grant	US\$11.90	N/A	US\$11.83	12,103	-	-	-	-	12,103	
		August 31, 2018 ⁽⁷⁾	10 years from the date of grant	US\$13.67	N/A	US\$13.66	6,708	-	-	-	-	6,708	
		September 28, 2018 ⁽⁹⁾	10 years from the date of grant	US\$13.28	N/A	US\$13.25	65,433	-	-	-	-	65,433	
		September 28, 2018 ⁽⁹⁾	10 years from the date of grant	US\$13.28	N/A	US\$13.25	39,260	-	-	-	-	39,260	
		November 30, 2018 ⁽⁹⁾	10 years from the date of grant	US\$11.07	N/A	US\$11.79	11,028	-	-	-	-	11,028	
		December 31, 2018 ⁽⁹⁾	10 years from the date of grant	US\$10.53	N/A	US\$10.79	107,016	-	-	-	-	107,016	
		December 31, 2018 ⁽⁹⁾	10 years from the date of grant	US\$10.53	N/A	US\$10.79	12,194	-	-	-	-	12,194	

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Name of grantee	Role	Date of grant	Exercise period	Price on		Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
				day prior to grant ⁽¹⁾	day prior to exercise date ⁽²⁾			Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
In Aggregate	Employees	January 25, 2019 ⁽³⁾	10 years from the date of grant	US\$9.62	N/A	US\$10.44	38,649	-	-	-	-	-	38,649
		March 5, 2019 ⁽³⁾	10 years from the date of grant	US\$11.68	US\$11.93	US\$11.51	78,494	-	55,289	-	-	-	23,205
		May 10, 2019 ⁽³⁾	10 years from the date of grant	US\$9.33	N/A	US\$10.32	44,213	-	-	-	-	-	44,213
		June 5, 2019 ⁽³⁾	10 years from the date of grant	US\$9.25	US\$12.78	US\$9.23	1,865,240	-	195,169	-	-	-	1,670,07
		June 5, 2019 ⁽³⁾	10 years from the date of grant	US\$9.25	N/A	US\$9.23	129,220	-	-	-	-	-	129,220
		August 30, 2019 ⁽³⁾	10 years from the date of grant	US\$11.14	N/A	US\$11.06	79,300	-	-	-	-	-	79,300
		March 31, 2020 ⁽³⁾	10 years from the date of grant	US\$9.65	N/A	US\$9.67	294,775	-	-	-	-	-	294,775
		June 17, 2020 ⁽³⁾	10 years from the date of grant	US\$13.33	US\$13.61	US\$13.42	1,182,181	-	12,025	3,094	29,367	-	1,137,695
		June 17, 2020 ⁽³⁾	10 years from the date of grant	US\$13.33	N/A	US\$13.42	90,766	-	-	-	-	-	90,766
		June 30, 2020 ⁽³⁾	10 years from the date of grant	US\$14.55	N/A	US\$14.66	212,771	-	-	-	196,404	-	16,367
		August 7, 2020 ⁽³⁾	10 years from the date of grant	US\$17.24	N/A	US\$16.99	40,248	-	-	-	-	-	40,248
		September 30, 2020 ⁽³⁾	10 years from the date of grant	US\$21.65	N/A	US\$22.03	8,021	-	-	-	-	-	8,021
		November 6, 2020 ⁽³⁾	10 years from the date of grant	US\$23.08	N/A	US\$23.07	162,994	-	-	-	-	-	162,994
		November 30, 2020 ⁽³⁾	10 years from the date of grant	US\$21.99	N/A	US\$20.99	15,756	-	-	3,042	12,714	-	-
		January 22, 2021 ⁽³⁾	10 years from the date of grant	US\$27.46	N/A	US\$28.81	55,263	-	-	1,053	-	-	54,210
		February 26, 2021 ⁽³⁾	10 years from the date of grant	US\$25.36	N/A	US\$25.81	6,331	-	-	1,638	4,693	-	-
		March 31, 2021 ⁽³⁾	10 years from the date of grant	US\$25.61	N/A	US\$26.78	148,824	-	-	-	-	-	148,824
		May 7, 2021 ⁽³⁾	10 years from the date of grant	US\$24.15	N/A	US\$24.78	84,240	-	-	-	-	-	84,240
		May 28, 2021 ⁽³⁾	10 years from the date of grant	US\$27.00	N/A	US\$27.58	121,485	-	-	-	-	-	121,485

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
In Aggregate	Employees	June 16, 2021 ⁽³⁾	10 years from the date of grant	US\$25.54	N/A	US\$26.53	1,608,737	-	-	9,490	135,512	1,463,735	
		June 16, 2021 ⁽³⁾	10 years from the date of grant	US\$25.54	N/A	US\$26.53	17,498	-	-	-	-	17,498	
		June 30, 2021 ⁽³⁾	10 years from the date of grant	US\$27.48	N/A	US\$27.28	48,113	-	-	5,005	3,614	39,494	
		August 6, 2021 ⁽³⁾	10 years from the date of grant	US\$25.84	N/A	US\$25.61	68,341	-	-	-	-	68,341	
		August 31, 2021 ⁽³⁾	10 years from the date of grant	US\$23.22	N/A	US\$23.72	153,322	-	-	5,746	-	147,576	
		September 30, 2021 ⁽³⁾	10 years from the date of grant	US\$27.81	N/A	US\$28.73	55,458	-	-	-	-	55,458	
		November 5, 2021 ⁽³⁾	10 years from the date of grant	US\$28.38	N/A	US\$28.08	23,231	-	-	-	-	23,231	
		November 30, 2021 ⁽³⁾	10 years from the date of grant	US\$26.40	N/A	US\$26.85	64,649	-	-	5,655	5,928	53,066	
		December 31, 2021 ⁽³⁾	10 years from the date of grant	US\$21.03	N/A	US\$20.84	26,637	-	-	4,836	5,213	16,588	
		January 27, 2022 ⁽³⁾	10 years from the date of grant	US\$17.27	N/A	US\$18.61	371,059	-	-	-	-	371,059	
		February 28, 2022 ⁽³⁾	10 years from the date of grant	US\$16.47	US\$18.81	US\$16.22	151,580	-	-	-	-	151,580	
		March 31, 2022 ⁽³⁾	10 years from the date of grant	US\$15.85	N/A	US\$15.46	135,694	-	-	-	-	135,694	
		May 6, 2022 ⁽³⁾	10 years from the date of grant	US\$12.27	US\$14.31	US\$12.50	63,349	-	-	-	-	63,349	
		May 31, 2022 ⁽³⁾	10 years from the date of grant	US\$10.30	N/A	US\$10.56	123,604	-	-	-	-	123,604	
		June 22, 2022 ⁽³⁾	10 years from the date of grant	US\$11.74	US\$12.58	US\$11.98	5,102,089	-	118,040	298,766	-	4,685,283	
		June 22, 2022 ⁽³⁾	10 years from the date of grant	US\$11.74	N/A	US\$11.98	11,804	-	-	-	-	11,804	
		June 30, 2022 ⁽³⁾	10 years from the date of grant	US\$12.48	N/A	US\$12.81	74,217	-	-	6,136	-	68,081	
		August 31, 2022 ⁽³⁾	10 years from the date of grant	US\$12.73	N/A	US\$13.32	22,009	-	-	-	-	22,009	
		September 30, 2022 ⁽³⁾	10 years from the date of grant	US\$10.48	N/A	US\$10.58	63,024	-	-	-	-	63,024	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
In Aggregate	Employees	November 10, 2022 ⁽³⁾	10 years from the date of grant	US\$13.56	N/A	US\$14.52	46,176	-	-	-	-	46,176	
		November 30, 2022 ⁽³⁾	10 years from the date of grant	US\$13.84	N/A	US\$14.74	17,745	-	-	-	-	17,745	
		December 30, 2022 ⁽³⁾	10 years from the date of grant	US\$17.22	N/A	US\$17.26	7,592	-	-	-	-	7,592	
		January 25, 2023 ⁽³⁾	10 years from the date of grant	US\$20.52	N/A	US\$20.64	29,471	-	-	4,550	1,508	23,413	
		February 28, 2023 ⁽³⁾	10 years from the date of grant	US\$16.62	N/A	US\$17.28	61,724	-	-	-	-	61,724	
		March 31, 2023 ⁽³⁾	10 years from the date of grant	US\$16.67	N/A	US\$16.99	51,844	-	-	7,007	-	44,837	
		May 5, 2023 ⁽³⁾	10 years from the date of grant	US\$20.05	N/A	US\$20.06	18,395	-	-	-	-	18,395	
		May 31, 2023 ⁽³⁾	10 years from the date of grant	US\$17.56	N/A	US\$17.98	19,188	-	-	-	-	19,188	
		June 15, 2023 ⁽³⁾	10 years from the date of grant	US\$16.01	N/A	US\$16.41	5,183,529	-	-	243,685	-	4,939,844	
		June 30, 2023 ⁽³⁾	10 years from the date of grant	US\$13.74	N/A	US\$13.82	30,277	-	-	-	-	30,277	
		August 3, 2023 ⁽³⁾	10 years from the date of grant	US\$14.60	N/A	US\$16.08	66,729	-	-	-	-	66,729	
		August 31, 2023 ⁽³⁾	10 years from the date of grant	US\$16.25	N/A	US\$15.97	54,314	-	-	16,146	-	38,168	
		September 29, 2023 ⁽³⁾	10 years from the date of grant	US\$14.17	N/A	US\$14.51	192,686	-	-	-	-	192,686	
		November 13, 2023 ⁽³⁾	10 years from the date of grant	US\$15.32	N/A	US\$15.30	24,297	-	-	-	-	24,297	
		November 30, 2023 ⁽³⁾	10 years from the date of grant	US\$14.09	N/A	US\$14.38	32,968	-	-	22,386	-	10,582	
		December 29, 2023 ⁽³⁾	10 years from the date of grant	US\$13.81	N/A	US\$13.87	50,271	-	-	-	-	50,271	
		January 24, 2024 ⁽³⁾	10 years from the date of grant	US\$12.48	N/A	US\$12.40	-	49,673	-	-	-	49,673	
		February 29, 2024 ⁽³⁾	10 years from the date of grant	US\$13.73	N/A	US\$12.74	-	12,012	-	-	-	12,012	
		March 28, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.03	-	74,464	-	-	-	74,464	

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Name of grantee	Role	Date of grant	Exercise period	Price on day prior to grant ⁽¹⁾	Price on day prior to exercise date ⁽²⁾	Exercise (Grant) price	Outstanding as at January 1, 2024	Number of options					Outstanding as at June 30, 2024
								Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	
In Aggregate	Employees	May 10, 2024 ⁽³⁾	10 years from the date of grant	US\$12.97	N/A	US\$12.59	-	155,792	-	-	-	-	155,792
		May 31, 2024 ⁽³⁾	10 years from the date of grant	US\$11.87	N/A	US\$11.81	-	145,340	-	-	-	-	145,340
		June 5, 2024 ⁽³⁾	10 years from the date of grant	US\$11.93	N/A	US\$12.23	-	5,011,318	-	16,757	-	-	4,994,561
		June 28, 2024 ⁽³⁾	10 years from the date of grant	US\$11.20	N/A	US\$11.67	-	22,880	-	-	-	-	22,880
Total							<u>61,516,760</u>	<u>8,394,737</u>	<u>1,483,066</u>	<u>654,995</u>	<u>394,974</u>	<u>67,378,462</u>	

Notes:

- * Mr. Thomas Malley was an independent non-executive Director of the Company at the time of grants and resigned as an independent non-executive Director of the Company on January 22, 2024.
- ** Ms. Julia Wang was the Chief Financial Officer of the Company at the time of grants and resigned as the Chief Financial Officer of the Company on July 19, 2024.
- (1) The stated price was the closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the grant date.
- (2) The stated price was the weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the options were exercised.
- (3) 25% of the options become exercisable on the first anniversary of the grant date or, for new employees, the first anniversary of the last trading day of the month following the date on which such grantee starts his or her service relationship with the Company or its subsidiaries. The remaining 75% become exercisable in 36 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 25%. Certain options may be subject to accelerated vesting upon change in control and/or termination.
- (4) One-third of the options become exercisable on each anniversary of the grant date.
- (5) 100% of the options become exercisable on the earlier of the first anniversary of the grant date or the date of the next annual general meeting. Certain options may be subject to accelerated vesting upon change in control and/or termination. In connection with Mr. Thomas Malley's resignation as an independent non-executive Director of the Company on January 22, 2024 and the consulting agreement between Mr. Thomas Malley and the Company dated January 23, 2024, options granted to Mr. Thomas Malley on June 15, 2023 shall continue to vest according the original vesting schedule throughout the consulting period from January 23, 2024 to June 30, 2024.
- (6) 20% of the options become exercisable on the first anniversary of the grant date. The remaining 80% become exercisable in 48 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 20%. Certain options may be subject to accelerated vesting upon change in control and/or termination.

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- (7) The options become exercisable in 48 equal monthly installments, beginning on the last day of the first month after grant.
- (8) The options become exercisable upon satisfaction of specified performance targets, including certain financial targets and management targets as set out in the relevant grant letters.
- (9) 50% of the options become exercisable on the first anniversary of the grant date. The remaining 50% become exercisable in 12 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 50%.
- (10) In connection with Mr. Thomas Malley's resignation as an independent non-executive Director of the Company on January 22, 2024, the options granted to Mr. Thomas Malley shall be exercisable for a period of three years after the date that Thomas Malley ceased to be a member of the Board or until the expiration date as agreed in the award agreement, if earlier.
- (11) Pursuant to the Separation and Transition Agreement between Ms. Julia Wang and the Company dated July 17, 2024 (the "Separation and Transition Agreement"), the exercise period of any vested portion of Ms. Julia Wang's outstanding options as of the separation date has been extended to the date that is 18 months following the separation date.
- (12) 100% of the options shall vest on the vesting commencement date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date.

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Further details of the outstanding options granted under the 2016 Plan during the Reporting Period are as follows:

Name	Number of options granted during the Reporting Period		Date of grant	Vesting/ Exercise period	Exercise price (US\$)	Performance targets	Closing price	Fair value of
							of the Shares immediately before the grant	the options at the date of grant ⁽³⁾
Directors								
John V. Oylar	923,975	June 5, 2024	(1)	US\$12.23	-	US\$11.93	US\$5,999,924	
Xiaodong Wang	410,657	June 5, 2024	(1)	US\$12.23	-	US\$11.93	US\$2,666,642	
Anthony C. Hooper	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Olivier Brandicourt	27,794	February 29, 2024	(2)	US\$12.74	-	US\$13.73	US\$158,862	
	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Margaret Han Dugan	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Donald W. Glazer	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Michael Goller	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Ranjeev Krishana	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Corazon D. Sanders	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Alessandro Riva	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Qingqing Yi	34,151	June 5, 2024	(2)	US\$12.23	-	US\$11.93	US\$199,995	
Senior Managements								
Xiaobin Wu	477,386	June 5, 2024	(1)	US\$12.23	-	US\$11.93	US\$3,099,954	
Julia Wang*	256,659	June 5, 2024	(1)	US\$12.23	-	US\$11.93	US\$1,666,641	
Lai Wang	318,253	June 5, 2024	(1)	US\$12.23	-	US\$11.93	US\$2,066,608	
Chan Lee	184,795	June 5, 2024	(1)	US\$12.23	-	US\$11.93	US\$1,199,985	
Other grantees by category								
Employee Participants								
In aggregate	5,471,479	January 24, 2024- June 28, 2024	(1)	US\$11.67- US\$12.74	-	US\$11.20- US\$13.73	US\$35,489,280	
Service Provider	16,380	February 29, 2024	(4)	US\$12.74	-	US\$13.73	US\$99,952	
Total	8,378,357						US\$54,247,803	

OTHER INFORMATION

Notes:

- * Ms. Julia Wang was the Chief Financial Officer of the Company at the time of grants and resigned as the Chief Financial Officer of the Company on July 19, 2024.
- (1) 25% of the options become exercisable on the first anniversary of the grant date or, for new employees, the first anniversary of the last trading day of the month following the date on which such grantee starts his or her service relationship with the Company or its subsidiaries. The remaining 75% become exercisable in 36 equal monthly installments, each of which shall become exercisable on the last day of each month following the vest of the initial 25%. Certain options may be subject to accelerated vesting upon change in control and/or termination. The exercise period for the options is 10 years from the date of grant.
- (2) 100% of the options become exercisable on the earlier of the first anniversary of the grant date or the date of the next annual general meeting. Certain options may be subject to accelerated vesting upon change in control and/or termination. The exercise period for the options is 10 years from the date of grant. In connection with Mr. Thomas Malley's resignation as an independent non-executive Director of the Company on January 22, 2024 and the consulting agreement between Mr. Thomas Malley and the Company dated January 23, 2024, options granted to Mr. Thomas Malley on June 15, 2023 shall continue to vest according to the original vesting schedule throughout the consulting period from January 23, 2024 to June 30, 2024 and shall be exercisable for a period of three years after the date that Thomas Malley ceased to be a member of the Board or until the expiration date as agreed in the award agreement, if earlier.
- (3) The fair values of the options are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined using the binomial method, which is calculated by a third party. The binomial model uses a number of variables to calculate the fair value, including the post-vesting forfeiture rate, the risk-free rate of interest, volatility, contractual life, etc.
- (4) 100% of the options shall vest on the vesting commencement date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date. The exercise period for the options is 10 years from the date of grant.

Movements of RSUs and PSUs under the 2016 Plan and the Amended 2016 Plan

As of June 30, 2024, the Company had conditionally granted RSUs to 16,704 participants and PSUs to 31 participants under the 2016 Plan and the Amended 2016 Plan. All of the RSUs and PSUs under the 2016 Plan and the Amended 2016 Plan were granted between September 26, 2017 and June 28, 2024 (both days inclusive).

OTHER INFORMATION

As of January 1, 2024, 66,401,023 Shares were outstanding pursuant to RSUs granted under the 2016 Plan (no PSU granted under the 2016 Plan), and as of June 30, 2024, 87,422,244 Shares and 2,287,402 Shares were outstanding pursuant to RSUs and PSUs granted under the 2016 Plan and the Amended 2016 Plan respectively. Details of the movements of the unvested RSUs and PSUs are set out below:

Name of grantee	Role	Date of grant	Vesting period	Closing price on day prior to the grant	Number of RSUs and PSUs					Closing price on the day prior to vesting date during 2024 ⁽¹⁾	
					Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Outstanding as of June 30, 2024
Directors of the Company											
John V. Oyler	Executive Director, Chairman and Chief Executive Officer	June 16, 2021	(6)	US\$25.54	73,138	-	36,556	-	-	36,582	US\$12.51
		June 22, 2022	(6)	US\$11.74	250,510	-	83,499	-	-	167,011	US\$12.01
		June 15, 2023	(6)	US\$16.01	355,641	-	88,907	-	-	266,734	US\$12.51
		June 5, 2024	(6)	US\$11.93	-	490,464	-	-	-	490,464	-
		June 5, 2024	(9)	US\$11.93	-	490,464 ⁽¹⁰⁾	-	-	-	490,464	-
Xiaodong Wang	Non-executive Director	June 16, 2021	(6)	US\$25.54	19,500	-	9,750	-	-	9,750	US\$12.51
		June 22, 2022	(6)	US\$11.74	62,634	-	20,865	-	-	41,769	US\$12.01
		June 15, 2023	(6)	US\$16.01	86,216	-	21,554	-	-	64,662	US\$12.51
		June 5, 2024	(6)	US\$11.93	-	108,992	-	-	-	108,992	-
Anthony C. Hooper	Independent Non- executive Director	June 22, 2022	(7)	US\$11.74	16,692	-	-	-	-	16,692	-
		June 15, 2023	(7)	US\$16.01	12,922	-	-	-	-	12,922	-
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Olivier Brandicourt	Independent Non- executive Director	June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Margaret Han Dugan	Independent Non- executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	12,922	-	-	-	US\$11.93
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Donald W. Glazer	Independent Non-executive Director	June 22, 2022	(7)	US\$11.74	16,692	-	-	-	-	16,692	-
		June 15, 2023	(7)	US\$16.01	12,922	-	-	-	-	12,922	-
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-

OTHER INFORMATION

Name of grantee	Role	Date of grant	Vesting period	Number of RSUs and PSUs							Closing price on the day prior to vesting date during 2024 ⁽¹⁾
				Closing price on day prior to the grant	Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of June 30, 2024	
Michael Goller	Independent Non-executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	12,922	-	-	-	US\$11.93
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Ranjeev Krishana	Independent Non-executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	12,922	-	-	-	US\$11.93
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Thomas Malley*	Former Independent Non-executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	-	12,922	-	-	-
Corazon D. Sanders	Independent Non-executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	12,922	-	-	-	-
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Alessandro Riva	Independent Non-executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	12,922	-	-	-	-
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Qingqing Yi	Independent Non-executive Director	June 15, 2023	(7)	US\$16.01	12,922	-	12,922	-	-	-	-
		June 5, 2024	(7)	US\$11.93	-	16,341	-	-	-	16,341	-
Senior Management of the Company											
Xiaobin Wu	President, Chief Operating Officer and General Manager of China	June 17, 2020	(6)	US\$13.33	33,566	-	33,566	-	-	-	US\$12.01
		June 16, 2021	(6)	US\$25.54	39,000	-	19,500	-	-	19,500	US\$12.01
		June 22, 2022	(6)	US\$11.74	140,907	-	46,969	-	-	93,938	US\$12.51
		June 15, 2023	(6)	US\$16.01	200,447	-	50,102	-	-	150,345	US\$12.01
		June 5, 2024	(6)	US\$11.93	-	253,409	-	-	-	253,409	-
		June 5, 2024	(11)	US\$11.93	-	253,409 ⁽¹⁰⁾	-	-	-	253,409	-
Julia Wang**	Former Chief Financial Officer	June 30, 2020	(6)	US\$14.55	13,819	-	13,819	-	-	-	-
		June 16, 2021	(6)	US\$25.54	14,352	-	7,163	-	-	7,189	US\$12.51
		February 28, 2022	(6)	US\$16.47	46,319	-	15,431	-	-	30,888	US\$13.82
		June 22, 2022	(6)	US\$11.74	78,286	-	26,091	-	-	52,195	US\$12.01
		June 15, 2023	(6)	US\$16.01	107,770	-	26,936	-	-	80,834	US\$12.51
		June 5, 2024	(6)	US\$11.93	-	136,240	-	-	-	136,240	-
		June 5, 2024	(11)	US\$11.93	-	136,240 ⁽¹⁰⁾	-	-	-	136,240	-

OTHER INFORMATION

Name of grantee	Role	Date of grant	Vesting period	Number of RSUs and PSUs							Closing price on the day prior to vesting date during 2024 ⁽¹⁾
				Closing price on day prior to the grant	Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of June 30, 2024	
Lai Wang	Global Head of R&D	June 17, 2020	(6)	US\$13.33	23,309	-	23,309	-	-	-	US\$12.51
		June 16, 2021	(6)	US\$25.54	26,819	-	13,403	-	-	13,416	US\$12.51
		June 22, 2022	(6)	US\$11.74	93,951	-	31,304	-	-	62,647	US\$12.01
		June 15, 2023	(6)	US\$16.01	133,627	-	33,397	-	-	100,230	US\$12.51
		June 5, 2024	(6)	US\$11.93	-	168,935	-	-	-	168,935	-
		June 5, 2024	(11)	US\$11.93	-	168,935 ⁽¹⁰⁾	-	-	-	168,935	-
Chan Lee	SVP, General Counsel	July 29, 2022	(6)	US\$13.45	87,009	-	-	-	-	87,009	-
		June 15, 2023	(6)	US\$16.01	65,585	-	16,393	-	-	49,192	US\$12.51
		June 5, 2024	(6)	US\$11.93	-	98,085	-	-	-	98,085	-
		June 5, 2024	(11)	US\$11.93	-	98,085 ⁽¹⁰⁾	-	-	-	98,085	-
In Aggregate	Other Grantees Employees of the Group	Between January 31, 2018 to December 31, 2021	(6)	US\$18.55	8,302,047	-	4,079,491	495,664	-	3,726,892	(2)
		Between January 1, 2022 to December 31, 2022	(6)	US\$12.28	23,899,564	-	6,464,172	1,276,418	-	16,158,974	(3)
		Between January 1, 2023 to December 29, 2023	(6)	US\$15.62	32,088,680	-	6,439,238	1,748,409	-	23,901,033	(4)
		Between January 1, 2024 to June 30, 2024	(6)	US\$12.21	-	41,103,322	3,666	277,108	-	40,822,548	(5)
		June 5, 2024	(11)	US\$11.93	-	1,140,269 ⁽¹⁰⁾	-	-	-	1,140,269	-

OTHER INFORMATION

Name of grantee	Role	Date of grant	Vesting period	Closing price on day prior to the grant	Number of RSUs and PSUs					Closing price on the day prior to vesting date during 2024 ⁽¹⁾
					Outstanding as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	
In Aggregate	Service Providers	Between January 1, 2023 to December 31, 2023	(8)	US\$13.81	8,645	-	-	-	-	8,645
		Between January 1, 2024 to June 30, 2024	(12)	US\$13.73	-	7,839	-	-	-	7,839
Total					<u>66,401,023</u>	<u>44,801,757</u>	<u>17,682,613</u>	<u>3,810,521</u>	<u></u>	<u>89,709,646</u>

Notes:

- * Mr. Thomas Malley was an independent non-executive Director of the Company at the time of grants and resigned as an independent non-executive Director of the Company on January 22, 2024.
- ** Ms. Julia Wang was the Chief Financial Officer of the Company at the time of grants and resigned as the Chief Financial Officer of the Company on July 19, 2024.
- (1) The stated price was the weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the RSUs were vested.
- (2) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the RSUs vested was ranged from US\$10.97 to US\$13.73.
- (3) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the RSUs vested was ranged from US\$10.97 to US\$13.73.
- (4) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the RSUs vested was US\$10.97.
- (5) The weighted-average closing price as quoted on the NASDAQ, divided by 13, on the trading day immediately prior to the date which the RSUs vested was US\$10.97.
- (6) 25% of the Shares shall vest on the vesting commencement date and each anniversary of such date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date; provided, however, that certain underlying Shares shall become vested upon a change of control or termination of employment, if applicable, as set forth in such grantee's employment agreement or offer letter.

OTHER INFORMATION

- (7) 100% of the Shares shall vest on the earlier of the first anniversary of the grant date or the date of the next annual general meeting. Certain RSUs may be subject to accelerated vesting upon change in control and/or termination. In connection with Mr. Thomas Malley's resignation as an independent non-executive Director of the Company on January 22, 2024, the RSUs granted to Mr. Thomas Malley that have not vested as of such date has automatically terminated and been forfeited.
- (8) 100% of the Shares shall vest on the vesting commencement date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date; provided, however, that certain underlying Shares shall become vested upon a change of control or termination of employment, if applicable, as set forth in such grantee's employment agreement or offer letter.
- (9) The Shares shall cliff vest at the end of the three-year performance period once the total revenue number for the third year is finalized to the extent the performance metrics are met, subject to continued service; provided, however, that upon a termination without cause or for good reason as defined in the grantee's employment agreement, the PSUs with completed performance periods shall become vested and paid out based on actual performance while the awards for incomplete years will be paid out at target as if he had remained employed for an additional 20 months; provided further that the PSUs shall become fully vested for underlying shares upon a change in control of the Company or death or disability pursuant to the same formula.
- (10) The stated number is upon maximum target vesting of 100%. The relevant performance metric used is yearly total revenue, with potential payout of 0-200% of target based on performance versus pre-set revenue goals for each of three equally-weighted one-year periods.
- (11) The Shares shall cliff vest at the end of the three-year performance period once the total revenue number for the third year is finalized to the extent the performance metrics are met, subject to continued service; provided, however, that the PSUs are subject to accelerated vesting upon termination and/or a change in control.
- (12) 100% of the Shares shall vest on the vesting commencement date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date.

Further details of the unvested RSUs and PSUs granted during the Reporting Period are as follows:

Name	Number of RSUs and PSUs granted during the Reporting Period	Date of grant	Vesting period	Performance targets	Closing price on day prior to the grant	Fair value of RSUs and PSUs at the date of grant ⁽⁹⁾
Directors						
John V. Oyler	490,464	June 5, 2024	(1)	-	US\$11.93	US\$5,999,884
	490,464	June 5, 2024	(5)	(6)	US\$11.93	US\$5,999,884
Xiaodong Wang	108,992	June 5, 2024	(1)	-	US\$11.93	US\$1,333,308
Anthony C. Hooper	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Olivier Brandicourt	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Margaret Han Dugan	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Donald W. Glazer	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Michael Goller	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Ranjeev Krishana	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Corazon D. Sanders	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Alessandro Riva	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901
Qingqing Yi	16,341	June 5, 2024	(2)	-	US\$11.93	US\$199,901

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Name	Number of RSUs and PSUs granted during the Reporting Period	Date of grant	Vesting period	Performance targets	Closing price on day prior to the grant	Fair value of RSUs and PSUs at the date of grant ⁽³⁾
Senior Management						
Xiaobin Wu	253,409	June 5, 2024	(1)	-	US\$11.93	US\$3,099,972
	253,409	June 5, 2024	(7)	(6)	US\$11.93	US\$3,099,972
Julia Wang*	136,240	June 5, 2024	(1)	-	US\$11.93	US\$1,666,634
	136,240	June 5, 2024	(7)	(6)	US\$11.93	US\$1,666,634
Chan Lee	98,085	June 5, 2024	(1)	-	US\$11.93	US\$1,199,881
	98,085	June 5, 2024	(7)	(6)	US\$11.93	US\$1,199,881
Lai Wang	168,935	June 5, 2024	(1)	-	US\$11.93	US\$2,066,595
	168,935	June 5, 2024	(7)	(6)	US\$11.93	US\$2,066,595
Other grantees by category						
Employee Participants						
In aggregate	41,103,322	January 24, 2024- June 28, 2024	(1)	-	US\$15.62	US\$502,066,035
	1,140,269	June 5, 2024	(7)	(6)	US\$11.93	US\$13,948,998
Service Providers	7,839	February 29, 2024	(4)	-	US\$13.73	US\$99,887
Total	44,801,757					US\$519,331,305

Notes:

* Ms. Julia Wang was the Chief Financial Officer of the Company at the time of grants and resigned as the Chief Financial Officer of the Company on July 19, 2024.

- (1) 25% of the Shares shall vest on the vesting commencement date and each anniversary of such date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date; provided, however, that certain underlying Shares shall become vested upon a change of control or termination of employment, if applicable, as set forth in such grantee's employment agreement or offer letter.
- (2) 100% of the Shares shall vest on the earlier of the first anniversary of the grant date or the date of the next annual general meeting. Certain RSUs may be subject to accelerated vesting upon change in control and/or termination. In connection with Mr. Thomas Malley's resignation as an independent non-executive Director of the Company on January 22, 2024, the RSUs granted to Mr. Thomas Malley that have not vested as of such date has automatically terminated and been forfeited.
- (3) The fair values of the RSUs are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the closing price of the Company's ADSs on NASDAQ on the date of grant.
- (4) 100% of the Shares shall vest on the vesting commencement date if the grantee remained in a continuous service relationship with the Company or its subsidiaries through each such date; provided, however, that certain underlying Shares shall become vested upon a change of control or termination of employment, if applicable, as set forth in such grantee's employment agreement or offer letter.

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- (5) The Shares shall cliff vest at the end of the three-year performance period once the total revenue number for the third year is finalized to the extent the performance metrics are met, subject to continued service; provided, however, that upon a termination without cause or for good reason as defined in the grantee's employment agreement, the PSUs with completed performance periods shall become vested and paid out based on actual performance while the awards for incomplete years will be paid out at target as if he had remained employed for an additional 20 months; provided further that the PSUs shall become fully vested for underlying shares upon a change in control of the Company or death or disability pursuant to the same formula.
- (6) The relevant performance metric used is yearly total revenue, with potential payout of 0-200% of target based on performance versus pre-set revenue goals for each of three equally-weighted one-year periods.
- (7) The Shares shall cliff vest at the end of the three-year performance period once the total revenue number for the third year is finalized to the extent the performance metrics are met, subject to continued service; provided, however, that the PSUs are subject to accelerated vesting upon termination and/or a change in control.

3. Third Amended and Restated 2018 Employee Share Purchase Plan (amended as the Fourth Amended and Restated 2018 Employee Share Purchase Plan on June 5, 2024)

Purpose

The Amended 2018 ESPP is to provide the participants with opportunities to purchase shares either in the form of ordinary shares or ADSs.

The Amended 2018 ESPP allows eligible employees to purchase our Shares (including in the form of ADSs) at a 15% discount to the market price of our Shares or ADSs. Employees would purchase our Shares or ADSs at the end of an offering period using funds deducted from their payroll during the offering period.

The Amended 2018 ESPP is administered under the direction of our Compensation Committee, which has the authority to interpret the provisions of the Amended 2018 ESPP and to make all other determinations necessary or advisable in administering it.

Eligible Participants, Maximum Entitlement of Each Participant, Vesting and Exercise Period

All employees of our Company and participating subsidiaries who are employed as of the first day of the applicable offering and have been employed as of the commencement of the enrollment period for such offering are eligible to participate in the Amended 2018 ESPP, other than employees who would own 5% or more of the voting power of our Shares after exercising their rights to purchase Shares under the Amended 2018 ESPP.

To participate in the Amended 2018 ESPP, an eligible employee authorizes payroll deductions in an amount not less than 1% nor greater than 10% of his or her "eligible earnings" (i.e., gross cash compensation, including regular base pay (including overtime pay and commissions, to the extent determined by our Compensation Committee) to a maximum of US\$25,000 per year, but excluding incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gain on the exercise of share options, and similar items) for each full payroll period in the offering period.

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Eligible employees enroll in an offering period (which generally will begin on each March 1 and September 1 and last for six months unless otherwise determined by our Compensation Committee in advance) during the open enrollment period prior to the start of that offering period. For the purpose of disclosure in this interim report, such offering period is considered to be the vesting period. Any option granted but not exercised by the end of an offering will automatically lapse.

An eligible employee may withdraw from participation in the Amended 2018 ESPP, following which the Company will refund such individual's authorized payroll deduction in full. Partial withdrawals are not permitted.

Purchase Price and Basis of Determination

Shares are purchased at a price equal to 85% of the fair market value of our ordinary shares on either the first local business day of the offering period or the last local business day of the offering period, whichever is lower.

Accordingly, the number of Shares purchased can only be determined after the end of offering period subject to the determination of the purchase price. If the number of unsold Shares that are available for purchase under the Amended 2018 ESPP is insufficient to permit exercise of all rights deemed exercised by all participating employees, a participation adjustment will be made, and the number of Shares purchasable by all participating employees will be reduced proportionately. Any funds remaining in a participating employee's account after such exercise are refunded to the employee, without interest.

If a participating employee voluntarily resigns or is terminated by us prior to the last day of an offering period, the employee's option to purchase terminates and the cash amount in the employee's account is returned to the employee.

In the event of a capitalization issue, rights issue, subdivision of shares, share split, consolidation of shares, reverse share split, or reduction of the share capital of the Company affecting the Shares, the number of Shares that may be purchased under the Amended 2018 ESPP shall be equitably or proportionately adjusted to give proper effect to such event. Any such adjustment will be made in accordance with Rule 17.03(13) of the HK Listing Rules. In the event of a change in control, each outstanding option will be assumed or an equivalent option will be substituted. In the event outstanding options are not assumed or substituted, the offering period with respect to which such outstanding option relates will be shortened by setting a new exercise date prior to the date of the change in control.

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Maximum Number of Shares Available for Grant

As at January 1, 2024, 1,941,075 Shares were available for grant under the 2018 ESPP. The aforementioned figure had not taken into account Shares purchased pursuant to the offering period which commenced from September 1, 2023 as the relevant number of Shares could not be determined as at January 1, 2024. During the period from January 1, 2024 to June 4, 2024, 1,021,397 new Shares were purchased by and issued to eligible employees pursuant to the 2018 ESPP. On June 5, 2024, the 2018 ESPP was amended and restated as the Amended 2018 ESPP and a new scheme mandate limit, details of which are set out in the section headed “Scheme Mandate Limit and Consultant Sublimit” above, was adopted. During the period from June 5, 2024 to June 30, 2024, no awards were granted under the Amended 2018 ESPP. It follows that, as at June 30, 2024 and September 16, 2024, 5,989,678 and 4,953,682 Shares were available for grant under the Amended 2018 ESPP, respectively. The aforementioned figure as at June 30, 2024 had not taken into account Shares purchased pursuant to the offering period which commenced from March 1, 2024 as the relevant number of Shares could not be determined as at June 30, 2024.

Maximum Number of Shares Available for Issue

As at January 1, 2024, 1,941,075 new Shares were available for purchase and issue under the 2018 ESPP. During the period from January 1, 2024 to June 4, 2024, 1,021,397 new Shares were purchased by and issued to eligible employees pursuant to the 2018 ESPP following the end of the offering periods which commenced on September 1, 2023. On June 5, 2024, the 2018 ESPP was amended and restated as the Amended 2018 ESPP and a new scheme mandate limit, details of which are set out in the section headed “Scheme Mandate Limit and Consultant Sublimit” above, was adopted. During the period from June 5, 2024 to June 30, 2024, no shares were issued under the Amended 2018 ESPP. It follows that, as at June 30, 2024 and September 16, 2024, 5,989,678 and 4,953,682 Shares (being approximately 0.36% of the issued share capital of the Company as at September 16, 2024) were available for purchase and issue under the Amended 2018 ESPP, respectively.

Remaining Life of the Amended 2018 ESPP

The Amended 2018 ESPP was approved by shareholders on June 5, 2024 and shall remain in effect until December 7, 2028 unless terminated earlier by the Board. The remaining life of the Amended 2018 ESPP is approximately 4 years.

Grants under the 2018 ESPP and the Amended 2018 ESPP

3,039 eligible employees (including senior management members) participated in the 2018 ESPP during the offering period which commenced on September 1, 2023.

OTHER INFORMATION

Details of the grants under the 2018 ESPP and the Amended 2018 ESPP are as follows:

Name	Date of grant/ First day of offering period	Vesting/ Offering period	Purchase price in respect of the Shares purchased at the end of the offering period which commenced on September 1, 2023 (US\$)	Granted/Payroll deduction amounts authorized by the eligible employees at the beginning of the offering period which commenced on September 1, 2023 (US\$) ^{Note (1)}	Vested/Shares purchased during the Reporting Period (US\$) ^{Note (2)}
Senior Management					
Xiaobin Wu	September 1, 2023	6 months	US\$10.83	US\$10,623.30	US\$8,307.35 (equivalent to 767 Shares purchased based on a purchase price of US\$10.83)
Other grantees by category					
Employee Participants	September 1, 2023	6 months	US\$10.83	US\$11,808,235	US\$11,054,404 (equivalent to 1,020,630 Shares purchased based on a purchase price of US\$10.83)
Total					<u>US\$11,062,712</u>

Notes:

- The closing price of the Shares immediately before September 1, 2023 is US\$15.97 (equivalent to approximately HK\$125.26), and the fair value of the Shares at the date of grant (i.e. first day of offering period) is US\$16,414,635 (equivalent to approximately HK\$128,751,148). There are no performance targets attached to the participation in the 2018 ESPP for the offering period which commenced on September 1, 2023.

OTHER INFORMATION

2. During the Reporting Period, in respect of the payroll deduction amounts authorized by the eligible employees at the beginning of the offering period which commenced on September 1, 2023 and taking into account any eligible employees who withdrew from the 2018 ESPP during such offering period, such relevant amounts of authorized payroll reduction were used to purchase an aggregate of 1,021,397 Shares at the purchase price of US\$10.83 at the end of the offering period (i.e. February 29, 2024). The weighted average closing price of the Shares immediately before the end of the offering period (i.e. February 29, 2024) is US\$12.74 (equivalent to approximately HK\$99.71), and the fair value of the total Shares purchased on the date of purchase is US\$13,014,955 (equivalent to approximately HK\$101,865,320).
3. The final amount of payroll deduction authorized by eligible employees for the offering period which commenced on September 1, 2023 is US\$11,816,543 and the number of Shares purchased after the end such offering period is 1,021,397.
4. As an eligible employee may withdraw from participation in the 2018 ESPP, following which the Company will refund such individual's authorized payroll deduction in full, the final amount of payroll deduction authorized by eligible employees can only be determined after the end of each offering period. Such final amount of payroll deduction authorized by eligible employees is used in whole to purchase Shares as soon as practicable after the end of each offering period, accordingly there would not be any outstanding grants as of the end of each offering period.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations, and to enhance the transparency and accountability of the Board to the Company's shareholders.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value and formulate its business strategies and policies.

During the Reporting Period, the Company has applied the principles in the Corporate Governance Code as set out in Appendix C1 to the HK Listing Rules (the "Corporate Governance Code") which are applicable to the Company and complied with the code provisions in the Corporate Governance Code save for the following deviations.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the HKEX are expected to comply with, but may choose to deviate from, the requirement that the responsibilities of the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman and Chief Executive Officer and Mr. John V. Oyler currently performs these two roles. Our Board believes that Mr. John V. Oyler is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as a Co-Founder and our Chief Executive Officer. Our Board also believes that the combined role of Chairman and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman and the Chief Executive Officer at a time when it is appropriate by taking into account the circumstances of our Company as a whole. Our Corporate Governance Guidelines provide the Board with the flexibility to choose the appropriate Board leadership structure of the Company based upon its view of what is in the best interest of the Company. Our Corporate Governance Guidelines also provide that if the same person holds the Chairman and Chief Executive Officer roles or if the Chairman does not otherwise qualify as independent, the independent Directors may elect a lead director. Mr. Ranjeev Krishana, an independent non-executive Director of the Company, currently serves as the lead director. The Board believes our current Board leadership structure will help ensure continuity of strong and effective leadership. The lead director has responsibilities that are set forth in our Corporate Governance Guidelines, including presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; consulting with management regarding Board meeting schedules, locations, agendas, and materials; and calling meetings of the independent and non-management Directors, when appropriate.

OTHER INFORMATION

Our Audit Committee is in compliance with Rule 3.21 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraphs D.3.3 and D.3.7 of the Corporate Governance Code. However, the charter of our Audit Committee complies with the NASDAQ Listing Rules and the rules of the SEC. The primary duties of the Audit Committee are, among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions for potential conflict of interest situations and approving all such transactions. As of the date of this interim report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Anthony C. Hooper, Dr. Olivier Brandicourt and Dr. Corazon (Corsee) D. Sanders. Mr. Anthony C. Hooper, being the chair of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules. On January 22, 2024, Mr. Thomas Malley resigned from the Board. In connection with his resignation from the Board, Mr. Thomas Malley also resigned from the Audit Committee. Effective as of January 23, 2024, the Board appointed Dr. Olivier Brandicourt as an independent non-executive Director to fill the vacancy arising from the resignation of Mr. Malley. In connection with his appointment to the Board, effective as of January 23, 2024, Dr. Olivier Brandicourt has been appointed to serve as a member of the Audit Committee.

Our Compensation Committee is in compliance with Rule 3.25 of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraph E.1.2 of the Corporate Governance Code. However, the charter of the Compensation Committee complies with the NASDAQ Listing Rules. The primary duties of the Compensation Committee are to review and make recommendations to the Board with respect to director compensation, evaluate the performance of our Chief Executive Officer, President, Chief Operating Officer and General Manager of China, and Chief Financial Officer and review and make recommendations to the Board regarding the terms of their compensation, and review and approve the compensation of our other executive officers and senior management, and review and approve matters relating to incentive-based compensation plans and equity-based plans. As of the date of this interim report, the Compensation Committee comprises three independent non-executive Directors, namely Dr. Margaret Han Dugan, Mr. Ranjeev Krishana and Mr. Qingqing Yi. Dr. Margaret Han Dugan is the chair of the Compensation Committee.

Our nominating and corporate governance committee (the “Nominating and Corporate Governance Committee”) is in compliance with Rule 3.27A of the HK Listing Rules and the Corporate Governance Code, except for the terms of reference required by paragraph B.3.1 of the Corporate Governance Code. However, the charter of the Nominating and Corporate Governance Committee complies with the NASDAQ Listing Rules. The primary duties of the Nominating and Corporate Governance Committee are to develop and recommend to the Board criteria for board and committee membership, recommend to the Board the persons to be nominated for election as directors and to each of the Board’s committees, and develop and recommend to the Board a set of corporate governance guidelines. As of the date of this interim report, the Nominating and Corporate Governance Committee comprises four independent non-executive Directors, namely Mr. Donald W. Glazer, Mr. Michael Goller, Mr. Anthony C. Hooper and Dr. Alessandro Riva. Mr. Donald W. Glazer is the chair of the Nominating and Corporate Governance Committee.

Except as disclosed above, the Company has complied with all of the provisions set out in the Corporate Governance Code during the Reporting Period.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code and maintain a high standard of corporate governance practices of the Company.

OTHER INFORMATION

COMPLIANCE WITH POLICIES EQUIVALENT TO THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Except as disclosed below, the Company has adopted its own insider dealing policies on terms no less exacting than those in the Model Code regarding the directors' dealings in the securities of the Company.

Pursuant to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. Under the Company's insider dealing policies, the General Counsel of the Company, has been designated as the insider trading compliance officer whom a director who intends to deal in the Company's securities must notify. Our Board believes that our insider trading compliance officer, despite not being a member of the Board, is able to carry out his duties properly and competently in accordance with the Company's insider dealing policies, the terms of which are otherwise no less exacting than those in the Model Code.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Company's own insider dealing policies throughout the period from January 1, 2024 up to the date of this interim report.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the HKEX (including any sale of treasury shares (as defined under the HK Listing Rules)). As at June 30, 2024, the Company did not hold any treasury shares (as defined under the HK Listing Rules).

OTHER INFORMATION

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE HK LISTING RULES

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed hereunder, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules during the Reporting Period and up to the date of this interim report. The changes of Directors' information are set out below:

Directors	Changes in Positions held with the Company
Mr. Thomas Malley	Resigned as an independent non-executive Director and a member of the Audit Committee and the Scientific Advisory Committee effective January 22, 2024.
Dr. Olivier Brandicourt	Appointed as an independent non-executive Director and a member of the Audit Committee effective January 23, 2024; appointed as a member of the Commercial and Medical Affairs Advisory Committee effective March 19, 2024.

USE OF NET PROCEEDS

Use of Net Proceeds from Amgen

On January 2, 2020, the Company sold 15,895,001 ADSs, representing 206,635,013 ordinary shares of the Company and approximately 20.5% ownership stake in the Company's outstanding shares as at the same date, to Amgen for aggregate cash proceeds of US\$2,779,241,000, or US\$174.85 per ADS, pursuant to the Amgen SPA (as amended) executed in connection with the Amgen Collaboration Agreement. The subscription price represents: (a) a 36% premium to the 30-day volume weighted average price of the Company's ADSs as of October 30, 2019, the day prior to the date of the Amgen SPA; (b) assuming a conversion rate of US\$1.00: HK\$7.84, a 26% premium to the closing price of the Company's ordinary shares as quoted on the HKEX on October 31, 2019, the date of the Amgen SPA; and (c) a 26% premium to the closing price of the Company's ADSs on the NASDAQ on October 31, 2019.

OTHER INFORMATION

The net proceeds from the sale of the shares have been and will be utilized in accordance with the purposes set out in the proxy statement/circular of the Company dated November 29, 2019. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2024:

Use of proceeds	Planned applications (US dollars in thousands)	Percentage of total net proceeds (%)	Actual	Actual	Unutilized
			usage up to December 31, 2023 (US dollars in thousands)	usage up to June 30, 2024 (US dollars in thousands)	net proceeds as of June 30, 2024 (US dollars in thousands)
To fund business operations ^(a)	2,779,241	100%	2,229,632	2,294,982	484,259

Note (a): To fund the Company's development obligations under the Amgen Collaboration Agreement by contributing cash and development services up to a total cap of approximately US\$1.25 billion, the development, manufacturing and commercialization of the Company's internally developed drug candidates, expansion of the Company's commercialization activities, and for future capacity expansion and general corporate use, as appropriate, as previously disclosed in the Company's proxy statement/circular dated November 29, 2019.

The Company plans to gradually utilize the remaining net proceeds in accordance with such intended purposes depending on actual business, which is expected to be fully utilized by the end of year 2026. For further details, please refer to the announcements of the Company dated November 1, 2019, December 9, 2019, and January 3, 2020.

Use of Net Proceeds from STAR Offering

On December 15, 2021, the Company completed the STAR Offering on the STAR Market of the SSE. The shares offered in the STAR Offering were issued to and subscribed for by permitted investors in China in Renminbi ("RMB Shares") pursuant to the general mandate to issue shares, which was approved by the shareholders at the Company's 2021 annual general meeting of shareholders held on June 16, 2021. The public offering price of the RMB Shares was RMB192.60 per RMB Share, which equates to HK\$234.89 per ordinary share and US\$391.68 per ADS. In this offering, the Company sold 115,055,260 RMB Shares. The RMB Shares are not fungible with the ordinary shares of the Company listed on the HKEX or with the ADSs representing the Company's ordinary shares listed on the NASDAQ. Net proceeds after deducting underwriting commission and offering expenses were US\$3,392,616,000. The net proceeds from the STAR Offering have been and will be utilized in accordance with the purposes set out in the prospectus of the STAR Offering (the "STAR Prospectus"), including (i) clinical development and research project, (ii) research and development center construction, (iii) bio-manufacturing plant construction, (iv) sales and marketing force expansion, and (v) working capital and general corporate purposes. On November 10, 2023, the Board approved to adjust the amount of proceeds to be invested in each subcategory projects under the "clinical development and research project". As required by the PRC securities laws, the net proceeds from the STAR Offering must be used in strict compliance with the planned uses as disclosed in the STAR Prospectus as well as the Company's proceeds management policy for the STAR Offering approved by the Board.

OTHER INFORMATION

For details, please refer to the Company's announcements dated November 16, 2020, January 29, 2021, April 20, 2021, May 14, 2021, June 1, 2021, June 21, 2021, June 28, 2021, June 30, 2021, July 9, 2021, July 28, 2021, October 15, 2021, November 16, 2021, November 23, 2021, November 24, 2021, November 29, 2021, November 30, 2021, December 2, 2021, December 6, 2021, December 7, 2021, December 13, 2021, December 21, 2021, December 28, 2021, April 29, 2022, June 27, 2022, August 30, 2022, September 28, 2022, April 25, 2023, August 29, 2023, November 13, 2023 and the circular dated April 30, 2021 of the Company.

As of June 30, 2024, net proceeds amounting to RMB16.0 billion had been utilized, and the remaining RMB5.7 billion will be gradually utilized in accordance with such intended purposes depending on actual business needs, and are expected to be fully utilized within five years after the completion of the STAR Offering. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2024:

Use of proceeds	Planned applications RMB'000	Actual	Actual	Unutilized
		usage up to December 31, 2023 RMB'000	usage up to June 30, 2024 RMB'000	net proceeds as of June 30, 2024 RMB'000
Clinical Development and Research Projects	13,245,940	7,169,470	8,651,167	4,594,773
R&D Center Construction	467,700	434,188	462,414	5,286
Bio-Manufacture Plant Construction	150,000	153,451	153,451	(3,451)*
Sales & Marketing Force Expansion	136,360	110,240	137,268	(908)*
Replenishment of Working Capital	6,000,000	4,832,281	5,578,830	421,170
Excess of Proceeds	1,630,155	978,000	978,000	652,155
Total	21,630,155	13,677,630	15,961,130	5,669,025

* The excess over the planned applications for Bio-Manufacture Plant Construction and Sales & Marketing Force Expansion was provided by interest income from the STAR Offering proceeds.

DIFFERENCES BETWEEN U.S. GAAP AND IFRSs

The interim financial statements for the six months ended June 30, 2024 is prepared by the Directors of the Company under U.S. GAAP, and the differences between U.S. GAAP and IFRSs have been disclosed in the Note 23 to such interim financial statements.

Basis of Preparation

Disclosure is set out by providing a comparison (the "GAAP Difference Reconciliation") between the Company's relevant financial information as extracted from the Company's interim financial statements on the one hand, and adjustments of such financial information had they instead been prepared in accordance with the IFRSs. The process applied in the preparation of such GAAP Difference Reconciliation is also set out below.

OTHER INFORMATION

Reconciliation Process

The GAAP Difference Reconciliation has been prepared by the Directors by comparing the differences between the “Amounts as reported under U.S. GAAP” for each of the six months ended 30 June 2024 and 2023 on the one hand, and the “Amounts under IFRSs” on the other hand in respect of each of the six months ended 30 June 2024 and 2023, as appropriate, and quantifying the relevant financial effects of such differences, if any. Attention is drawn to the fact that as the GAAP Difference Reconciliation has not been subject to an independent audit and accordingly, no opinion is expressed by an auditor on whether the financial information in the GAAP Difference Reconciliation presents a true and fair view or not.

Assurance engagement and results

Ernst & Young was engaged by the Company to conduct work in accordance with the International Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or reviews of Historical Financial Information” (“ISAE 3000 (Revised)”) issued by the International Federation of Accountants (IFAC) on the GAAP Difference Reconciliation. The work consisted primarily of:

- (i) Comparing the financial information in the column “Amounts as reported under U.S. GAAP” as disclosed in the note 23 to the Company’s unaudited interim condensed consolidated financial statements (the “Note 23”) with the respective line items in the Company’s unaudited interim condensed consolidated statement of operations for the six months ended June 30, 2024 and the unaudited condensed consolidated balance sheets as of June 30, 2024 (collectively the “Financial Statements Line Items”), as appropriate;
- (ii) Considering the adjustments are made in accordance with the basis of preparation and reconciliation process as set out in the subsection headed “Differences between U.S. GAAP and IFRSs” in the “Other Information” section of the Company’s interim report for the six months ended June 30, 2024 at the columns “IFRSs adjustments” as disclosed in the Note 23; and
- (iii) Checking the arithmetic accuracy of the computation of the Company’s financial information in the columns “Amounts under IFRSs” as disclosed in the Note 23.

OTHER INFORMATION

Ernst & Young's engagement did not involve independent examination of any of the underlying financial information. The work carried out in accordance with ISAE 3000 (Revised) is different in scope from an audit or a review conducted in accordance with International Standards on Auditing or International Standards on Review Engagements issued by the IFAC and consequently, Ernst & Young did not express an audit opinion nor a review conclusion on the GAAP Difference Reconciliation. Ernst & Young's engagement was intended solely for the use of the Directors in connection with the above purpose for this interim report and may not be suitable for another purpose. Based on the work performed, Ernst & Young has concluded that nothing has come to their attention that causes them to believe:

- (i) The amounts in the columns "Amounts as reported under U.S. GAAP" as disclosed in the Note 23 are not in agreement with the respective Financial Statements Line Items;
- (ii) The IFRSs adjustments as disclosed in the Note 23 are not prepared, in all material respects, in accordance with the basis of preparation and reconciliation process as set out in the subsection headed "Differences between U.S. GAAP and IFRSs" in the "Other Information" section of the Company's interim report for the six months ended June 30, 2024; and
- (iii) The computation of the amounts in the column "Amounts under IFRSs" as disclosed in the Note 23 are not arithmetically accurate.

AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

Our Audit Committee reviews the adequacy of our internal controls to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. As of the date of this interim report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Anthony C. Hooper, Dr. Olivier Brandicourt and Dr. Corazon (Corsee) D. Sanders. Mr. Anthony C. Hooper, being the chair of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the HK Listing Rules. On January 22, 2024, Mr. Thomas Malley resigned from the Board. In connection with his resignation from the Board, Mr. Thomas Malley also resigned from the Audit Committee. Effective as of January 23, 2024, the Board appointed Dr. Olivier Brandicourt as an independent non-executive Director to fill the vacancy arising from the resignation of Mr. Malley. In connection with his appointment to the Board, effective as of January 23, 2024, Dr. Olivier Brandicourt has been appointed to serve as a member of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements, interim results and interim report of the Company for the six months ended June 30, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of senior management and the external auditor of the Company.

OTHER INFORMATION

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has a Nominating and Corporate Governance Committee, a Compensation Committee, a Scientific Advisory Committee and a Commercial and Medical Affairs Advisory Committee.

IMPORTANT EVENTS AFTER THE REPORTING DATE

Except as disclosed in this interim report, no important events affecting the Company occurred since June 30, 2024 and up to the date of this interim report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HK LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the HK Listing Rules.

On behalf of the Board

John V. Oyler

Chairman

Hong Kong

August 27, 2024

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

		Six Months Ended June 30,	
	Note	2024	2023
		US\$'000	US\$'000
Revenues			
Product revenue, net	13	1,668,064	964,036
Collaboration revenue	3	<u>12,754</u>	<u>79,026</u>
Total revenues		1,680,818	1,043,062
Cost of sales – product		<u>263,067</u>	<u>177,779</u>
Gross profit		1,417,751	865,283
Operating expenses			
Research and development		915,104	831,348
Selling, general and administrative		871,156	723,533
Amortization of intangible assets		<u>–</u>	<u>375</u>
Total operating expenses		1,786,260	1,555,256
Loss from operations		(368,509)	(689,973)
Interest income, net		29,385	31,086
Other expense, net		<u>(10,222)</u>	<u>(45,515)</u>
Loss before income taxes		(349,346)	(704,402)
Income tax expense	9	<u>22,209</u>	<u>25,166</u>
Net loss		<u>(371,555)</u>	<u>(729,568)</u>
Net loss per share, basic and diluted (in US\$)	15	<u>(0.27)</u>	<u>(0.54)</u>
Weighted-average shares outstanding – basic and diluted		<u>1,358,315,145</u>	<u>1,357,211,308</u>
Net loss per American Depositary Share (“ADS”), basic and diluted (in US\$)	15	<u>(3.56)</u>	<u>(6.99)</u>
Weighted-average ADSs outstanding – basic and diluted		<u>104,485,780</u>	<u>104,400,870</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Six Months Ended June 30,	
		2024 US\$'000	2023 US\$'000
Net loss		(371,555)	(729,568)
Other comprehensive income (loss), net of tax of nil:			
Foreign currency translation adjustments	17	(41,399)	(73,172)
Pension liability adjustments		406	–
Unrealized holding (loss) income, net	17	<u>(35)</u>	<u>6,902</u>
Comprehensive loss		<u>(412,583)</u>	<u>(795,838)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

		As of	
	Note	June 30, 2024 US\$'000 (unaudited)	December 31, 2023 US\$'000 (audited)
Assets			
Current assets:			
Cash and cash equivalents		2,592,655	3,171,800
Accounts receivable, net	5	529,449	358,027
Inventories, net	6	443,260	416,122
Prepaid expenses and other current assets	10	273,658	257,465
		<u>3,839,022</u>	<u>4,203,414</u>
Total current assets			
Non-current assets:			
Property, plant and equipment, net	7	1,516,491	1,324,154
Operating lease right-of-use assets		103,633	95,207
Intangible assets, net	8	53,715	57,138
Other non-current assets	10	199,318	125,362
		<u>1,873,157</u>	<u>1,601,861</u>
Total non-current assets			
		<u>5,712,179</u>	<u>5,805,275</u>
Total assets			
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable	11	333,022	315,111
Accrued expenses and other payables	10	646,538	693,731
Tax payable	9	5,278	22,951
Operating lease liabilities, current portion		17,658	21,950
Research and development cost share liability, current portion	3	84,615	68,004
Short-term debt	12	851,657	688,366
		<u>1,938,768</u>	<u>1,810,113</u>
Total current liabilities			

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS *(Continued)*

		As of	
	Note	June 30, 2024 US\$'000 (unaudited)	December 31, 2023 US\$'000 (audited)
Non-current liabilities:			
Long-term bank loans	12	185,271	197,618
Operating lease liabilities, non-current portion		35,398	22,251
Deferred tax liabilities	9	15,942	16,494
Research and development cost share liability, non-current portion	3	119,012	170,662
Other long-term liabilities	10	51,533	50,810
Total non-current liabilities		<u>407,156</u>	<u>457,835</u>
Total liabilities		<u>2,345,924</u>	<u>2,267,948</u>
Commitments and contingencies	20		
Shareholders' equity:			
Ordinary shares, US\$0.0001 par value per share; 9,500,000,000 shares authorized; 1,379,101,901 and 1,359,513,224 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively		137	135
Additional paid-in capital		11,840,197	11,598,688
Accumulated other comprehensive loss	17	(140,474)	(99,446)
Accumulated deficit		<u>(8,333,605)</u>	<u>(7,962,050)</u>
Total shareholders' equity		<u>3,366,255</u>	<u>3,537,327</u>
Total liabilities and shareholders' equity		<u><u>5,712,179</u></u>	<u><u>5,805,275</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary Shares		Additional Paid-In Capital	Accumulated		Total
				Comprehensive	Other	
	Shares	Amount US\$'000	US\$'000	Loss US\$'000	Accumulated Deficit US\$'000	US\$'000
Balance at December 31, 2023	1,359,513,224	135	11,598,688	(99,446)	(7,962,050)	3,537,327
Use of shares reserved for share option exercises	(1,216,016)	-	-	-	-	-
Exercise of options, ESPP and release of RSUs	20,804,693	2	20,153	-	-	20,155
Share-based compensation	-	-	219,304	-	-	219,304
Deconsolidation of a subsidiary	-	-	2,052	-	-	2,052
Other comprehensive loss	-	-	-	(41,028)	-	(41,028)
Net loss	-	-	-	-	(371,555)	(371,555)
Balance at June 30, 2024	<u>1,379,101,901</u>	<u>137</u>	<u>11,840,197</u>	<u>(140,474)</u>	<u>(8,333,605)</u>	<u>3,366,255</u>
Balance at December 31, 2022	1,356,140,180	135	11,540,979	(77,417)	(7,080,342)	4,383,355
Use of shares reserved for share option exercises	121,342	-	-	-	-	-
Exercise of options, ESPP and release of RSUs	19,989,814	2	32,347	-	-	32,349
Share-based compensation	-	-	178,693	-	-	178,693
Other comprehensive loss	-	-	-	(66,270)	-	(66,270)
Net loss	-	-	-	-	(729,568)	(729,568)
Balance at June 30, 2023	<u>1,376,251,336</u>	<u>137</u>	<u>11,752,019</u>	<u>(143,687)</u>	<u>(7,809,910)</u>	<u>3,798,559</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Six Months Ended June 30,	
		2024 US\$'000	2023 US\$'000
Operating activities:			
Net loss		(371,555)	(729,568)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense		50,224	42,346
Share-based compensation expenses	16	219,304	178,693
Gain on deconsolidation of a subsidiary		(3,735)	–
Amortization of research and development cost share liability	3	(35,039)	(22,669)
Other items, net		5,413	2,930
Changes in operating assets and liabilities:			
Accounts receivable		(173,896)	(131,923)
Inventories		(35,949)	(53,598)
Other assets		(32,233)	(30,627)
Accounts payable		2,192	(32,678)
Accrued expenses and other payables		(28,256)	(8,082)
Deferred revenue		216	(72,577)
Other liabilities		(846)	88
Net cash used in operating activities		<u>(404,160)</u>	<u>(857,665)</u>
Investing activities:			
Purchases of property, plant and equipment		(266,528)	(247,055)
Purchase of intangible asset		(4,674)	–
Proceeds from sale or maturity of investments		2,655	567,500
Purchase of in-process research and development		(31,800)	–
Other investing activities		(20,516)	(11,582)
Net cash (used in) provided by investing activities		<u>(320,863)</u>	<u>308,863</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

	Note	Six Months Ended June 30,	
		2024 US\$'000	2023 US\$'000
Financing activities:			
Proceeds from long-term loan	12	9,053	15,771
Repayment of long-term loan	12	(14,020)	–
Proceeds from short-term loans	12	324,412	161,846
Repayment of short-term loans	12	(157,490)	(66,574)
Proceeds from option exercises and employee share purchase plan		20,355	35,169
Other financing activities		3,000	–
		<u>185,310</u>	<u>146,212</u>
Net cash provided by financing activities			
		<u>185,310</u>	<u>146,212</u>
Effect of foreign exchange rate changes, net		(28,340)	(50,873)
Net decrease in cash, cash equivalents, and restricted cash		(568,053)	(453,463)
Cash, cash equivalents, and restricted cash at beginning of period		<u>3,185,984</u>	<u>3,875,037</u>
Cash, cash equivalents, and restricted cash at end of period		<u>2,617,931</u>	<u>3,421,574</u>
Supplemental cash flow information:			
Cash and cash equivalents		2,592,655	3,410,368
Short-term restricted cash		23,155	9,693
Long-term restricted cash		2,121	1,513
Income taxes paid		45,636	32,529
Interest expense paid		24,148	10,015
Supplemental non-cash information:			
Capital expenditures included in accounts payable and accrued expenses		115,564	95,404
Increase in equity investment from deconsolidation of a subsidiary		40,798	–

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of business

BeiGene, Ltd. (the “Company”, “BeiGene”, “it”, “its”) is a global oncology company discovering and developing innovative treatments that are more accessible and affordable to cancer patients worldwide.

The Company currently has three approved medicines that were internally discovered and developed, including BRUKINSA® (zanubrutinib), a small molecule inhibitor of Bruton’s Tyrosine Kinase (“BTK”) for the treatment of various blood cancers; TEVIMBRA® (tislelizumab), an anti-PD-1 antibody immunotherapy for the treatment of various solid tumor and blood cancers; and PARTRUVIX® (pamiparib), a selective small molecule inhibitor of PARP1 and PARP2. The Company markets BRUKINSA in the United States (“U.S.”), the People’s Republic of China (“China” or the “PRC”), the European Union (“EU”), the United Kingdom (“UK”), Canada, Australia, and additional international markets; TEVIMBRA (tislelizumab) in the U.S., EU and China; and PARTRUVIX in China. By leveraging its strong commercial capabilities, the Company has in-licensed the rights to distribute additional approved medicines for the China market. Supported by its global clinical development and commercial capabilities, the Company has entered into collaborations with world-leading biopharmaceutical companies such as Amgen Inc. (“Amgen”) and Beijing Novartis Pharma Co., Ltd. (“Novartis”) to develop and commercialize innovative medicines.

The Company is committed to advancing best- and first-in-class clinical candidates internally or with like-minded partners to develop impactful and affordable medicines for patients across the globe. Recognizing the importance of clinical trial activities in its industry and the challenges associated with outsourcing to third-party contract research organizations (“CROs”), the Company has built a fully dedicated 3,000+ person clinical team that is largely CRO free, the majority of which are in the Americas, Europe, Australia, Japan and Korea.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Description of business *(Continued)*

As of June 30, 2024, the Company had the following principal subsidiaries:

Name of Company	Place of Incorporation	Particulars of issued/paid-in capital	Percentage of Ownership by the Company	Principal Activities and Place of Operation
BeiGene (Beijing) Co., Ltd.	PRC*	RMB2,722,787,023	100%	Medical and pharmaceutical research and development, PRC
BeiGene Guangzhou Biologics Manufacturing Co., Ltd. ("BeiGene Guangzhou Factory")	PRC*	RMB15,424,108,600	100%	Medical and pharmaceutical research and development, manufacturing and commercialization, PRC
BeiGene (Shanghai) Co., Ltd.	PRC*	RMB1,434,344,311	100%	Medical and pharmaceutical research and development, PRC
BeiGene (Shanghai) Research & Development Co., Ltd.	PRC*	RMB620,000,000	100%	Medical and pharmaceutical research and development, PRC
BeiGene (Suzhou) Co., Ltd. ("BeiGene Suzhou")	PRC*	RMB4,273,218,389	100%	Medical and pharmaceutical research and manufacturing and commercialization, PRC
BeiGene Switzerland GmbH	Switzerland	CHF20,000	100%	Medical, pharmaceutical research and development and commercialization, Switzerland
BeiGene USA, Inc.	Delaware, United States	USD1	100%	Medical, pharmaceutical research and development and commercialization, U. S.
BeiGene Hopewell Urban Renewal, LLC	New Jersey, United States	USD613,943,128	100%	Medical and pharmaceutical research and development and manufacturing, U. S.
BeiGene AUS Pty Ltd	Australia	USD56,947,230	100%	Medical, pharmaceutical research and development and commercialization, Australia

* Limited liability company established in PRC

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of presentation and consolidation

The accompanying condensed consolidated balance sheet as of June 30, 2024, the condensed consolidated statements of operations and comprehensive loss for the six months ended June 30, 2024 and 2023, the condensed consolidated statements of cash flows for the six months ended June 30, 2024 and 2023, and the condensed consolidated statements of shareholders' equity for the six months ended June 30, 2024 and 2023, and the related footnote disclosures are unaudited. The accompanying unaudited interim condensed financial statements were prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), including guidance with respect to interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X and the disclosure requirements of 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 (the "HK Listing Rules"). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes included in the Company's HK Annual Report and Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report").

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all normal recurring adjustments, necessary to present a fair statement of the results for the interim periods presented. Results of operations for the six months ended June 30, 2024 are not necessarily indicative of the results expected for the full fiscal year or for any future annual or interim period.

The unaudited interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, estimating the useful lives of long-lived assets, estimating variable consideration in product sales and collaboration revenue arrangements, identifying separate accounting units and determining the standalone selling price of each performance obligation in the Company's revenue arrangements, assessing the impairment of long-lived assets, valuation and recognition of share-based compensation expenses, realizability of deferred tax assets, estimating uncertain tax positions, valuation of inventory, estimating the allowance for credit losses, determining defined benefit pension plan obligations, measurement of right-of-use assets and lease liabilities and the fair value of financial instruments. Management bases the estimates on historical experience, known trends and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities and reported amounts of revenues and expenses. Actual results could differ from these estimates.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recent accounting pronouncements

New accounting standards which have not yet been adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update requires disclosure of incremental segment information on an annual and interim basis. This update is effective for annual periods beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Early adoption is permitted. This guidance should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact on its financial statements of adopting this guidance.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update requires that public entities on an annual basis, (1) in the rate reconciliation, disclose specific categories and provide additional information for reconciling items that meet a quantitative threshold; (2) about income taxes paid, disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and by individual jurisdiction in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received); and (3) disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) disaggregated by federal, state, and foreign. This update is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. This guidance should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating the impact on its financial statements of adopting this guidance.

Significant accounting policies

For a more complete discussion of the Company's significant accounting policies and other information, the unaudited interim condensed consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements included in the Annual Report for the year ended December 31, 2023.

There have been no material changes to the Company's significant accounting policies as of and for the six months ended June 30, 2024, as compared to the significant accounting policies described in the Annual Report.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

- Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

The Company considers an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and considers an inactive market to be one in which there are infrequent or few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers.

The following tables present the Company's financial assets and liabilities measured and recorded at fair value on a recurring basis using the above input categories as of June 30, 2024 and December 31, 2023:

	Quoted Price in Active Market for Identical Assets (Level 1) US\$'000	Significant Other Observable Inputs (Level 2) US\$'000	Significant Unobservable Input (Level 3) US\$'000
As of June 30, 2024			
Cash equivalents			
Money market funds	897,906	-	-
Prepaid expenses and other current assets:			
Convertible debt instrument	-	-	4,968
Other non-current assets (Note 4):			
Equity securities with readily determinable fair values	1,440	115	-
Convertible debt instrument	-	-	4,773
	<u>899,346</u>	<u>115</u>	<u>9,741</u>
Total	<u>899,346</u>	<u>115</u>	<u>9,741</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS *(Continued)*

	Quoted Price in Active Market for Identical Assets (Level 1) US\$'000	Significant Other Observable Inputs (Level 2) US\$'000	Significant Unobservable Inputs (Level 3) US\$'000
As of December 31, 2023			
Cash equivalents			
Money market funds	1,052,149	–	–
Time deposits	42,852	–	–
Prepaid expenses and other current assets:			
U.S. Treasury securities	2,600	–	–
Convertible debt instrument	–	–	4,668
Other non-current assets (Note 4):			
Equity securities with readily determinable fair values	3,046	542	–
Convertible debt instrument	–	–	4,215
Total	1,100,647	542	8,883

The Company's cash equivalents are highly liquid investments with original maturities of 3 months or less. The Company's investments in available-for-sale debt securities include U.S. Treasury securities. The Company determines the fair value of cash equivalents and available-for-sale debt securities using a market approach based on quoted prices in active markets.

The Company's equity securities carried at fair value consist of holdings in common stock and warrants to purchase additional shares of common stock of Leap Therapeutics, Inc. ("Leap"), a publicly-traded biotechnology company. The common stock investment is measured and carried at fair value and classified as a Level 1 investment. The warrants to purchase additional shares of common stock are measured using the Black-Scholes option-pricing valuation model and classified as a Level 2 investment. Refer to Note 4, *Restricted Cash and Investments* for details of the determination of the carrying amount of private equity investments without readily determinable fair values and equity method investments.

The Company holds convertible notes issued by private biotech companies. The Company elected the fair value option method of accounting for the convertible notes. Accordingly, the convertible notes are remeasured at fair value on a recurring basis using Level 3 inputs, with any changes in the fair value option recorded in other expense, net.

As of June 30, 2024 and December 31, 2023, the fair values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and short-term debt approximated their carrying values due to their short-term nature. Long-term bank loans approximate their fair value due to the fact that the related interest rates approximate the rates currently offered by financial institutions for similar debt instrument of comparable maturities.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. COLLABORATIVE AND LICENSING ARRANGEMENTS

The Company has entered into collaborative arrangements for the research and development, manufacture and/or commercialization of medicines and drug candidates. To date, these collaborative arrangements have included out-licenses of and options to out-license internally developed products and drug candidates to other parties, in-licenses of products and drug candidates from other parties, and profit- and cost-sharing arrangements. These arrangements may include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing and reimbursement arrangements, royalty payments, and profit sharing. For detailed descriptions of each arrangement, see the Annual Report for the year ended December 31, 2023.

Out-Licensing Arrangements

For the six months ended June 30, 2024, the Company's collaboration revenue consisted primarily of revenue generated under the Novartis broad markets agreement. For the six months ended June 30, 2023, the Company's collaboration revenue primarily consisted of the recognition of previously deferred revenue from its former collaboration agreements with Novartis for tislelizumab and ociperlimab.

The following table summarizes total collaboration revenue recognized for the six months ended June 30, 2024 and 2023:

Revenue from Collaborators	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Research and development service revenue	–	20,380
Right to access intellectual property revenue	–	52,497
Other	<u>12,754</u>	<u>6,149</u>
Total	<u>12,754</u>	<u>79,026</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Novartis

Tislelizumab Collaboration and License

In September 2023, the Company and Novartis agreed to mutually terminate the tislelizumab collaboration and license agreement. Pursuant to the termination agreement, the Company regained full, global rights to develop, manufacture and commercialize tislelizumab with no royalty payments due to Novartis. Novartis may continue its ongoing clinical trials and has the ability to conduct future combination trials with tislelizumab subject to BeiGene's approval. BeiGene agreed to provide Novartis with ongoing clinical supply of tislelizumab to support its clinical trials. Pursuant to the termination agreement, Novartis agreed to provide transition services to the Company to enable key aspects of the tislelizumab development and commercialization plan to proceed without disruption, including manufacturing, regulatory, safety and clinical support. Upon termination of the agreement in September 2023, there were no further performance obligations, and the remaining deferred revenue balance associated with the tislelizumab R&D services was recognized in full.

No research and development service collaboration revenue was recognized in connection with the tislelizumab collaboration and license agreement during the six months ended June 30, 2024 due to termination of the agreement in 2023. The following table summarizes revenue recognized related to the sale of tislelizumab clinical supply to Novartis for the six months ended June 30, 2024 and research and development service revenue recognized for the six months ended June 30, 2023:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Research and development service revenue	–	16,796
Other ⁽¹⁾	<u>2,113</u>	<u>5,013</u>
Total	<u><u>2,113</u></u>	<u><u>21,809</u></u>

(1) Represents revenue recognized on final shipment of tislelizumab clinical supply to Novartis in conjunction with the former collaboration.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

Ociperlimab Option, Collaboration and License Agreement and China Broad Market Development Agreement

In July 2023, the Company and Novartis mutually agreed to terminate the ociperlimab option, collaboration and license agreement. Pursuant to the termination agreement, the Company regained full, global rights to develop, manufacture and commercialize ociperlimab. Upon termination the Company had no further performance obligations under the collaboration, and all remaining deferred revenue balances were recognized in full. The China broad markets agreement remains in place.

The following table summarizes collaboration revenue recognized in connection with the China broad markets agreement for the six months ended June 30, 2024 and the terminated ociperlimab option, collaboration and license agreement for the six months ended June 30, 2023:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Research and development service revenue	–	3,583
Right to access intellectual property revenue	–	52,497
China broad markets agreement	<u>8,501</u>	<u>2,636</u>
Total	<u><u>8,501</u></u>	<u><u>58,716</u></u>

In-Licensing Arrangements – Commercial

Amgen

During the six months ended June 30, 2024 and 2023, the Company recorded the following amounts related to its collaboration arrangement with Amgen. For a detailed description of the arrangement and related rights and obligation, see the Annual Report for the year ended December 31, 2023.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial *(Continued)*

Amgen (Continued)

Amounts recorded related to the Company's portion of the co-development funding on the pipeline assets for six months ended June 30, 2024 and 2023 were as follows:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Research and development expense	35,966	23,274
Amortization of research and development cost share liability	<u>35,039</u>	<u>22,669</u>
Total amount due to Amgen for BeiGene's portion of the development funding	<u>71,005</u>	<u>45,943</u>
		As of
		June 30,
		2024
		US\$'000
Remaining portion of development funding cap		412,647

As of June 30, 2024 and December 31, 2023, the research and development cost share liability recorded in the Company's balance sheet was as follows:

	As of	
	June 30, 2024	December 31, 2023
	US\$'000	US\$'000
Research and development cost share liability, current portion	84,615	68,004
Research and development cost share liability, non-current portion	<u>119,012</u>	<u>170,662</u>
Total research and development cost share liability	<u>203,627</u>	<u>238,666</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Commercial *(Continued)*

Amgen (Continued)

The total reimbursement paid under the commercial profit-sharing agreement for product sales is classified in the income statement for the six months ended June 30, 2024 and 2023 as follows:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Cost of sales – product	18,159	1,184
Research and development	(1,144)	1,311
Selling, general and administrative	<u>(39,253)</u>	<u>(29,388)</u>
Total	<u>(22,238)</u>	<u>(26,893)</u>

The Company purchases commercial inventory from Amgen to distribute in China. Inventory purchases amounted to US\$109,879,000 during the six months ended June 30, 2024, and US\$39,277,000 during the six months ended June 30, 2023. Net amounts payable to Amgen was US\$66,824,000 and US\$55,474,000 as of June 30, 2024 and December 31, 2023, respectively.

In-Licensing Arrangements – Development

The Company has in-licensed the rights to develop, manufacture and, if approved, commercialize multiple development stage drug candidates globally or in specific territories. These arrangements typically include non-refundable upfront payments, contingent obligations for potential development, regulatory and commercial performance milestone payments, cost-sharing arrangements, royalty payments, and profit sharing.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. COLLABORATIVE AND LICENSING ARRANGEMENTS *(Continued)*

In-Licensing Arrangements – Development *(Continued)*

Upfront and milestone payments incurred under these arrangements for the six months ended June 30, 2024 and 2023 are set forth below. All upfront and development milestones were expensed to research and development expense.

Payments due to collaboration partners	Classification	Six Months Ended June 30,	
		2024 US\$'000	2023 US\$'000
Upfront payments	Research and development expense	27	–
Development milestones incurred	Research and development expense	<u>46,500</u>	<u>–</u>
Total		<u><u>46,527</u></u>	<u><u>–</u></u>

4. RESTRICTED CASH AND INVESTMENTS

Restricted Cash

The Company's restricted cash primarily consists of RMB-denominated cash deposits held in designated bank accounts for collateral for letters of credit. The Company classifies restricted cash as current or non-current based on the term of the restriction. Restricted cash as of June 30, 2024 and December 31, 2023 was as follows:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Short-term restricted cash	23,155	11,473
Long-term restricted cash	<u>2,121</u>	<u>2,711</u>
Total	<u><u>25,276</u></u>	<u><u>14,184</u></u>

In addition to the restricted cash balances above, the Company is required by the PRC securities law to use the proceeds from its offering on the STAR Market of the Shanghai Stock Exchange (the "STAR Offering") in strict compliance with the planned uses as disclosed in the prospectus of the STAR Offering (the "STAR Prospectus") as well as those disclosed in the Company's proceeds management policy approved by the board of directors. As of June 30, 2024, the Company had cash remaining related to the STAR Offering proceeds of US\$856,722,000.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. RESTRICTED CASH AND INVESTMENTS *(Continued)*

Investments in Equity Securities

The following table summarizes the Company's investments in equity securities:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Equity securities with readily determinable fair values ⁽¹⁾		
Fair value of Leap common stock	1,440	3,046
Fair value of Leap warrants	115	542
Equity securities without readily determinable fair values		
Pi Health, Inc. ⁽²⁾	40,798	–
Other	54,865	55,860
Equity-method investments	<u>37,780</u>	<u>25,981</u>
Total	<u>134,998</u>	<u>85,429</u>

(1) Represents common stock and warrants to purchase additional shares of common stock of Leap Therapeutics, Inc. (“Leap”). The Company measures the investment in the common stock and warrants at fair value, with changes in fair value recorded to other expense, net.

(2) In the first quarter of 2024, the Company divested the net assets comprising substantially all of its Pi Health business with a carrying value of US\$38,063,000. The consideration received for the divestiture consisted of preferred stock in a newly formed entity, Pi Health, Inc., with a fair value of US\$40,798,000 and cash consideration of US\$1,000,000. The transaction resulted in a pre-tax gain of US\$3,735,000 recorded within other expense, net during the six months ended June 30, 2024. The Company will account for its investment prospectively as a private equity security without a readily determinable fair value and the divestiture is not treated as a discontinued operation in the Statement of Operations and therefore the historical results of operations of the Pi Health business will remain in the Company's continuing operations.

The following table summarizes unrealized (losses) gains related to investments in equity securities recorded in other expense, net for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024 US\$'000	2023 US\$'000
Equity securities with readily determinable fair values	(2,033)	(636)
Equity securities without readily determinable fair values	(797)	1,081
Equity-method investments	(4,873)	(2,624)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. ACCOUNTS RECEIVABLE, NET

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Accounts receivable	530,300	360,053
Impairment	<u>(851)</u>	<u>(2,026)</u>
Total	<u>529,449</u>	<u>358,027</u>

The Company's trading terms with its customers are mainly on credit and the credit period generally ranges from 30 to 120 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed. The Company does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing. An aging analysis of the accounts receivable, based on the invoice date, is as follows:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Within 6 months	528,516	356,243
6 months to 12 months	<u>933</u>	<u>1,784</u>
Total	<u>529,449</u>	<u>358,027</u>

The roll-forward of the allowance for credit losses related to accounts receivable for the six months ended June 30, 2024 and 2023 consisted of the following:

	Six Months Ended June 30,	
	2024 US\$'000	2023 US\$'000
Balance at beginning of the period	2,026	211
Current period provision for expected credit losses	(1,214)	234
Amounts written-off	(1)	(43)
Exchange rate changes	<u>40</u>	<u>(16)</u>
Balance at end of the period	<u>851</u>	<u>386</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INVENTORIES, NET

The Company's inventories, net consisted of the following:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Raw materials	143,655	148,772
Work in process	59,499	39,098
Finished goods	<u>240,106</u>	<u>228,252</u>
Total inventories, net	<u><u>443,260</u></u>	<u><u>416,122</u></u>

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net are recorded at cost and consisted of the following:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Land	65,485	65,485
Building	304,854	231,656
Manufacturing equipment	227,146	186,856
Laboratory equipment	216,673	205,349
Leasehold improvement	60,382	60,124
Software, electronics and office equipment	<u>67,649</u>	<u>83,281</u>
Property, plant and equipment, at cost	942,189	832,751
Less: accumulated depreciation	(289,114)	(249,212)
Construction in progress	<u>863,416</u>	<u>740,615</u>
Property, plant and equipment, net	<u><u>1,516,491</u></u>	<u><u>1,324,154</u></u>

The Company has made a significant investment in its newly opened manufacturing and R&D center in Hopewell, New Jersey. As of June 30, 2024, the Company had land and construction in progress of US\$677,126,000 related to the Hopewell facility, the majority of which will be put into service in the second half of 2024.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT, NET *(Continued)*

In March 2024, the Company acquired a land use right and the facility currently being constructed on the land for US\$73,373,000. The Company plans to complete the construction of the facility and build a research and development center on the land. Based on the relative fair values of the land use right and construction in progress, US\$28,699,000 of the total purchase price was allocated to the land use right and US\$44,674,000 was allocated to the construction in progress. In May 2024, the Company acquired additional construction in progress in connection with the properties for US\$22,637,000. As of June 30, 2024, title of the land use right was being transitioned to the Company. As such, the purchase price allocated to the land use right was recorded as a long-term prepaid as of June 30, 2024 and will be transferred to operating lease right-of-use asset upon the closing of the transaction.

Depreciation expense was US\$47,864,000 for the six months ended June 30, 2024, and US\$40,332,000 for the six months ended June 30, 2023, respectively.

8. INTANGIBLE ASSETS

Intangible assets as of June 30, 2024 and December 31, 2023 are summarized as follows:

	June 30, 2024			As of December 31, 2023		
	Gross carrying amount US\$'000	Accumulated amortization US\$'000	Intangible assets, net US\$'000	Gross carrying amount US\$'000	Accumulated amortization US\$'000	Intangible assets, net US\$'000
Finite-lived intangible assets:						
Developed products	63,098	(10,054)	53,044	64,274	(7,807)	56,467
Other	<u>8,987</u>	<u>(8,316)</u>	<u>671</u>	<u>8,987</u>	<u>(8,316)</u>	<u>671</u>
Total finite-lived intangible assets	<u>72,085</u>	<u>(18,370)</u>	<u>53,715</u>	<u>73,261</u>	<u>(16,123)</u>	<u>57,138</u>

Developed products represent post-approval milestone payments under license and commercialization agreements. The Company is amortizing the developed products over the remainder of the respective product patent or the term of the commercialization agreements.

Amortization expense for developed products is included in cost of sales – product in the accompanying consolidated statements of operations. Amortization expense for other intangible assets is included in operating expenses in the accompanying consolidated statements of operations.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS *(Continued)*

The weighted-average life for each finite-lived intangible assets is approximately 12 years. Amortization expense was as follows:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Amortization expense – Cost of sales – product	2,360	1,639
Amortization expense – Operating expense	–	375
	<u> </u>	<u> </u>
Total	<u>2,360</u>	<u>2,014</u>

Estimated amortization expense for each of the five succeeding years and thereafter, as of June 30, 2024 is as follows:

Year Ending December 31,	Cost of Sales –	Operating	Total
	Product	Expenses	
	US\$'000	US\$'000	US\$'000
2024 (remainder of year)	2,348	67	2,415
2025	4,696	67	4,763
2026	4,696	67	4,763
2027	4,696	67	4,763
2028	4,696	67	4,763
2029 and thereafter	<u>31,912</u>	<u>336</u>	<u>32,248</u>
Total	<u>53,044</u>	<u>671</u>	<u>53,715</u>

9. INCOME TAXES

Income tax expense was US\$22,209,000 for the six months ended June 30, 2024, and US\$25,166,000 for the six months ended June 30, 2023. The income tax expense for the six months ended June 30, 2024 and 2023 was primarily attributable to current U.S. tax expense determined after other special tax deductions and research and development tax credits, current Switzerland tax expense based on year to date earnings, and current China tax expense due to certain non-deductible expenses.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAXES *(Continued)*

On a quarterly basis, the Company evaluates the realizability of deferred tax assets by jurisdiction and assesses the need for a valuation allowance. In assessing the realizability of deferred tax assets, the Company considers historical profitability, evaluation of scheduled reversals of deferred tax liabilities, projected future taxable income and tax-planning strategies. Valuation allowances have been provided on deferred tax assets where, based on all available evidence, it was considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. After consideration of all positive and negative evidence, as of June 30, 2024, the Company will maintain a full valuation allowance against its net deferred tax assets.

As of June 30, 2024, the Company had gross unrecognized tax benefits of US\$15,804,000. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly change within the next 12 months. The Company's reserve for uncertain tax positions increased by US\$1,540,000 in the six months ended June 30, 2024 primarily due to U.S. federal and state tax credits and incentives.

10. SUPPLEMENTAL BALANCE SHEET INFORMATION

Prepaid expenses and other current assets consist of the following:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Prepaid research and development costs	68,234	60,476
Prepaid manufacturing cost	32,986	42,066
Prepaid taxes	32,193	37,320
Other receivables	58,776	37,859
Short-term restricted cash	23,155	11,473
Prepaid insurance	10,158	8,872
Other current assets	<u>48,156</u>	<u>59,399</u>
Total	<u>273,658</u>	<u>257,465</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. SUPPLEMENTAL BALANCE SHEET INFORMATION *(Continued)*

Other non-current assets consist of the following:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Prepayment of property and equipment ⁽¹⁾	34,335	4,144
Prepaid supply cost	12,487	18,122
Prepaid VAT	2,602	2,546
Rental deposits and other	8,002	8,195
Long-term restricted cash	2,121	2,711
Long-term investments <i>(Note 4)</i>	<u>139,771</u>	<u>89,644</u>
Total	<u>199,318</u>	<u>125,362</u>

(1) Includes payment for acquired land use right in Shanghai, China that was in the process of being transitioned to the Company as of June 30, 2024 (See Note 7).

Accrued expenses and other payables consist of the following:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Compensation related	167,960	217,803
External research and development activities related	133,412	162,969
Commercial activities	70,641	87,572
Individual income tax and other taxes	48,466	30,083
Sales rebates and returns related	173,263	139,936
Other	<u>52,796</u>	<u>55,368</u>
Total	<u>646,538</u>	<u>693,731</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. SUPPLEMENTAL BALANCE SHEET INFORMATION *(Continued)*

Other long-term liabilities consist of the following:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Deferred government grant income	32,021	34,204
Pension liability	14,639	14,995
Asset retirement obligation	1,101	1,127
Other	3,772	484
	<u>51,533</u>	<u>50,810</u>
Total	<u>51,533</u>	<u>50,810</u>

11. ACCOUNTS PAYABLE

An aging analysis of the accounts payable as of the end of the reporting period, based on the invoice date, is as follows:

	As of	
	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Within 3 months	324,947	302,310
3 to 6 months	2,967	8,205
6 months to 1 year	4,843	4,551
Over 1 year	265	45
	<u>333,022</u>	<u>315,111</u>
Total	<u>333,022</u>	<u>315,111</u>

The accounts payable are non-interest-bearing and repayable within the normal operating cycle or on demand.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. DEBT

The following table summarizes the Company's short-term and long-term debt obligations as of June 30, 2024 and December 31, 2023:

Lender	Line of Credit US\$'000/RMB'000	Term	Maturity Date	Interest Rate	As of			
					June 30, 2024		December 31, 2023	
					US\$'000	RMB'000	US\$'000	RMB'000
China Construction Bank	RMB580,000	9-year	April 4, 2027	(1)	15,136	110,000	14,089	100,000
China Merchants Bank	RMB350,000	9-year	January 20, 2029	(2)	8,649	62,857	8,856	62,857
China Merchants Bank	RMB378,000	9-year	November 8, 2029	(3)	6,848	49,765	5,636	40,000
China Merchants Bank	US\$380,000	1-year	(4)		380,000	2,761,628	300,000	2,129,321
China Minsheng Bank	US\$150,000	1-year	December 19, 2024	7.3%	150,000	1,090,116	150,000	1,064,660
China Industrial Bank	RMB675,000	364-day	March 27, 2025	(5)	92,880	675,000	-	-
China Merchants Bank	RMB400,000	1-year	June 5, 2025	3.0%	55,040	400,000	56,356	400,000
HSBC Bank	RMB340,000	1-year	May 5, 2025	(6)	46,784	340,000	47,903	340,000
China Industrial Bank	RMB200,000	1-year	May 29, 2024	-	-	-	28,177	200,000
Shanghai Pudong Development Bank	RMB700,000	1-year	(7)	2.9%	96,320	700,000	49,312	350,000
Other short-term debt (8)					-	-	28,037	199,000
Total short-term debt					851,657	6,189,366	688,366	4,885,838
China Construction Bank	RMB580,000	9-year	April 4, 2027	(1)	49,536	360,000	59,174	420,000
China Merchants Bank	RMB350,000	9-year	January 20, 2029	(2)	32,434	235,714	37,638	267,143
China Merchants Bank	RMB378,000	9-year	November 8, 2029	(3)	37,253	270,735	42,337	300,500
China CITIC Bank	RMB480,000	10-year	July 28, 2032	(9)	66,048	480,000	58,469	415,000
Total long-term bank loans					185,271	1,346,449	197,618	1,402,643

(1) The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 4.2% as of June 30, 2024. The loan is secured by BeiGene Guangzhou Factory's property ownership certificate. The Company repaid US\$6,886,000 (RMB50,000,000) during the six months ended June 30, 2024.

(2) The outstanding borrowings bear floating interest rates benchmarking against prevailing interest rates of certain PRC financial institutions. The loan interest rate was 3.7% as of June 30, 2024. The loan is secured by BeiGene Guangzhou Factory's second land use right and certain fixed assets in the second phase of the Guangzhou manufacturing facility's build out. The Company repaid US\$4,362,000 (RMB31,429,000) during the six months ended June 30, 2024.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. DEBT (Continued)

- (3) The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 3.9% as of June 30, 2024. The loan is secured by fixed assets placed into service upon completion of the third phase of the Guangzhou manufacturing facility's build out. The Company repaid US\$2,772,000 (RMB20,000,000) during the six months ended June 30, 2024.
- (4) The outstanding borrowings bear floating interest rates benchmarking the secured overnight financing rate. The loan interest rate was 7.2% as of June 30, 2024. US\$300,000,000 of the borrowings matures on December 25, 2024, and US\$80,000,000 matures on January 27, 2025.
- (5) The outstanding borrowings bear floating interest rates benchmarking RMB loan interest rates of financial institutions in the PRC. The loan interest rate was 2.6% as of June 30, 2024.
- (6) The outstanding borrowings bear floating interest rates benchmarking Hong Kong interbank market rate for RMB. The loan interest rate was 5.7% as of June 30, 2024.
- (7) US\$48,160,000 (RMB350,000,000) of the outstanding borrowings matures on November 21, 2024 and March 19, 2025, respectively.
- (8) During the two years ended December 31, 2023, the Company entered into short-term working capital loans with China Industrial Bank and China Merchants Bank to borrow up to RMB875,000,000 in aggregate. The Company repaid US\$27,476,000 (RMB199,000,000) during the six months ended June 30, 2024.
- (9) In July 2022, the Company entered into a 10-year bank loan agreement with China CITIC Bank to borrow up to RMB480,000,000 at a floating interest rate benchmarked against prevailing interest rates of certain PRC financial institutions. The Company drew down US\$9,053,000 (RMB65,000,000) during the six months ended June 30, 2024. The weighted average loan interest rate was 3.9% as of June 30, 2024. The loan is secured by BeiGene Suzhou's property ownership certificate of the small molecule manufacturing campus in Suzhou, China.

The Company has numerous financial and non-financial covenants on its debt obligations with various banks and other lenders. Some of these covenants include cross-default provisions that could require acceleration of repayment of loans in the event of default. However, the Company's debt is primarily short-term in nature. Any acceleration would be a matter of months but may impact the Company's ability to refinance debt obligations if an event of default occurs. As of June 30, 2024, the Company was in compliance with all covenants of its material debt agreements.

Interest Expense

Interest expense recognized for the six months ended June 30, 2024 was US\$25,637,000, among which, US\$17,521,000 was capitalized. Interest expense recognized for the six months ended June 30, 2023 was US\$9,465,000, among which, US\$772,000 was capitalized.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. PRODUCT REVENUE

The Company's product revenue is primarily derived from the sale of its internally developed products BRUKINSA in the U.S., Europe, China, and other regions, and tislelizumab in China; XGEVA®, BLINCYTO® and KYPROLIS® in China under a license from Amgen; and POBEVCY® in China under a license from Bio-Thera.

The table below presents the Company's net product sales for the six months ended June 30, 2024 and 2023.

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Product revenue – gross	2,111,619	1,176,933
Less: Rebates and sales returns	<u>(443,555)</u>	<u>(212,897)</u>
Product revenue – net	<u>1,668,064</u>	<u>964,036</u>

The following table disaggregates net product sales by product for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
BRUKINSA®	1,125,914	519,658
Tislelizumab	303,687	264,314
XGEVA®	98,435	44,165
BLINCYTO®	33,497	25,524
KYPROLIS®	30,047	15,995
POBEVCY®	28,205	27,764
REVLIMID®	21,366	45,005
Other	<u>26,913</u>	<u>21,611</u>
Total product revenue – net	<u>1,668,064</u>	<u>964,036</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. PRODUCT REVENUE *(Continued)*

The following table presents the roll-forward of accrued sales rebates and returns for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Balance at beginning of the period	139,936	41,817
Accrual	443,555	212,897
Payments	<u>(410,228)</u>	<u>(169,123)</u>
Balance at end of the period	<u>173,263</u>	<u>85,591</u>

14. LOSS BEFORE INCOME TAX EXPENSE

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

	Note	Six Months Ended June 30,	
		2024	2023
		US\$'000	US\$'000
Cost of inventories sold		263,067	177,779
Depreciation of property, plant and equipment		47,970	40,332
Research and development costs (note)		915,104	831,348
Operating lease costs		13,235	13,429
Amortization of license rights	8	2,360	2,014
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other benefits		633,187	542,029
Share-based compensation expenses		219,408	178,717
Pension scheme contributions (defined contribution scheme)		<u>39,220</u>	<u>32,302</u>
		<u>891,815</u>	<u>753,048</u>
Gain on deconsolidation of a subsidiary		(3,735)	–
Foreign exchange differences, net		13,523	68,911
(Reversal of impairment)/Impairment of accounts receivable, net	5	(1,214)	234
Impairment of inventories		2,484	3,030
Bank interest income		(38,145)	(40,584)

Note: During the six months ended June 30, 2024 and 2023, research and development costs of approximately US\$384,854,000 and US\$344,713,000, respectively, were also included in employee benefit expense.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. LOSS PER SHARE

The following table reconciles the numerator and denominator in the computations of basic and diluted loss per share:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Numerator:		
Net loss	<u>(371,555)</u>	<u>(729,568)</u>
Denominator:		
Weighted average shares outstanding for computing basic and diluted loss per share	<u>1,358,315,145</u>	<u>1,357,211,308</u>
Loss per share (in US\$)	<u><u>(0.27)</u></u>	<u><u>(0.54)</u></u>

For the six months ended June 30, 2024 and 2023, the computation of basic loss per share using the two-class method was not applicable as the Company was in a net loss position, and the effects of all share options, restricted shares, restricted share units and ESPP shares were excluded from the calculation of diluted loss per share, as their effect would have been anti-dilutive.

16. SHARE-BASED COMPENSATION EXPENSE

2016 Share Option and Incentive Plan

In January 2016, in connection with the Company's initial public offering ("IPO") on the Nasdaq Stock Market, the board of directors and shareholders of the Company approved the 2016 Share Option and Incentive Plan (the "2016 Plan"), which became effective in February 2016. The Company initially reserved 65,029,595 ordinary shares for the issuance of awards under the 2016 Plan, plus any shares available under the 2011 Option Plan (the "2011 Plan"), and not subject to any outstanding options as of the effective date of the 2016 Plan, along with underlying share awards under the 2011 Plan that are cancelled or forfeited without issuance of ordinary shares. In December 2018, the shareholders approved a second amended and restated 2016 Plan to increase the number of shares authorized for issuance by 38,553,159 ordinary shares, as well as amend the cap on annual compensation to independent directors and make other changes. In June 2020, the shareholders approved an amendment to the 2016 Plan to increase the number of shares authorized for issuance by 57,200,000 ordinary shares and to extend the term of the plan through April 13, 2030. The number of shares available for issuance under the 2016 Plan is subject to adjustment in the event of a share split, share dividend or other change in the Company's capitalization.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

2016 Share Option and Incentive Plan *(Continued)*

In order to continue to provide incentive opportunities under the 2016 Plan, the Board of Directors and shareholders of the Company approved another amendment to the 2016 Plan (the “Amendment No. 2”), which became effective as of June 22, 2022, to increase the number of authorized shares available for issuance under the 2016 Plan by 66,300,000 ordinary shares. In June 2024, the shareholders of the Company approved a third amended and restated 2016 Plan (the “Amended 2016 Plan”) to comply with certain amendments of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HK Listing Rules”) and to increase the number of shares available for issuance thereunder by 92,820,000 ordinary shares.

As of June 30, 2024, ordinary shares cancelled or forfeited under the 2011 Plan that were carried over to the Amended 2016 Plan totaled 5,166,848. During the six months ended June 30, 2024, the Company granted options for 8,394,737 ordinary shares, restricted share units for 42,514,355 ordinary shares, and performance share units for 2,287,402 ordinary shares under the Amended 2016 Plan. As of June 30, 2024, options, restricted share units, and performance share units for ordinary shares outstanding under the Amended 2016 Plan totaled 67,378,462, 87,422,244, and 2,287,402, respectively. As of June 30, 2024, share-based awards to acquire 82,059,496 ordinary shares were available for future grant under the Amended 2016 Plan.

2018 Employee Share Purchase Plan

In June 2018, the shareholders of the Company approved the 2018 Employee Share Purchase Plan (the “ESPP”). Initially, 3,500,000 ordinary shares of the Company were reserved for issuance under the ESPP. In August 2018, in connection with the Company’s listing on the Hong Kong Stock Exchange (“HKEX”), the board of directors approved an amended and restated ESPP to remove an “evergreen” share replenishment provision originally included in the plan and implemented other changes required by the HK Listing Rules. In December 2018, the shareholders of the Company approved a second amended and restated ESPP to increase the number of shares authorized for issuance by 3,855,315 ordinary shares to 7,355,315 ordinary shares. In June 2019, the board of directors adopted an amendment to revise the eligibility criteria for enrollment in the plan. In June 2021, the board of directors of the Company adopted the third amended and restated ESPP to include certain technical amendments under U.S. tax rules and to consolidate the changes in the prior amendment, effective on September 1, 2021. In June 2024, the shareholders approved a fourth amended and restated ESPP (the “Amended 2018 ESPP”) to comply with certain amendments of Chapter 17 of the HK Listing Rules and to increase the number of shares available for sale thereunder by 5,070,000 shares. The Amended 2018 ESPP allows eligible employees to purchase the Company’s ordinary shares (including in the form of ADSs) at the end of each offering period, which will generally be six months, at a 15% discount to the market price of the Company’s ADSs at the beginning or the end of each offering period, whichever is lower, using funds deducted from their payroll during the offering period. Eligible employees are able to authorize payroll deductions of up to 10% of their eligible earnings, subject to applicable limitations.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE-BASED COMPENSATION EXPENSE *(Continued)*

2018 Employee Share Purchase Plan *(Continued)*

As of June 30, 2024, 5,989,678 ordinary shares were available for future issuance under the Amended 2018 ESPP.

The following tables summarizes the shares issued under the 2018 ESPP:

Issuance Date	Number of Ordinary Shares Issued	Market Price ¹		Purchase Price ²		Proceeds US\$'000
		ADS	Ordinary	ADS	Ordinary	
		US\$	US\$	US\$	US\$	
February 29, 2024	1,021,397	165.65	12.74	140.80	10.83	11,063
August 31, 2023	794,144	207.55	15.97	176.42	13.57	10,777
February 28, 2023	930,582	171.10	13.16	145.44	11.19	10,414

1 The market price is the lower of the closing price on the Nasdaq Stock Market on the issuance date or the offering date, in accordance with the terms of the 2018 ESPP.

2 The purchase price is the price which was discounted from the applicable market price, in accordance with the terms of the 2018 ESPP.

Share-Based Compensation Expense

The following table summarizes total share-based compensation expense recognized for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Research and development	93,451	79,976
Selling, general and administrative	125,957	98,741
Total	<u>219,408</u>	<u>178,717</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. ACCUMULATED OTHER COMPREHENSIVE LOSS

The movement of accumulated other comprehensive loss was as follows:

	Foreign Currency Translation Adjustments US\$'000	Unrealized Gains/ (Losses) on Available- for-Sale Securities US\$'000	Pension Liability Adjustments US\$'000	Total US\$'000
Balance as of December 31, 2023	(87,987)	35	(11,494)	(99,446)
Other comprehensive (loss) income before reclassifications	(41,399)	(35)	–	(41,434)
Amounts reclassified from accumulated other comprehensive income (loss)	–	–	406	406
Net-current period other comprehensive (loss) income	<u>(41,399)</u>	<u>(35)</u>	<u>406</u>	<u>(41,028)</u>
Balance as of June 30, 2024	<u>(129,386)</u>	<u>–</u>	<u>(11,088)</u>	<u>(140,474)</u>

18. SHAREHOLDERS' EQUITY

BMS Settlement

On August 1, 2023, the Company entered into a Settlement and Termination Agreement (the "Settlement Agreement") with BMS-Celgene and certain of its affiliates relating to the termination of the parties' ongoing contractual relationships, the previously-disclosed ongoing arbitration proceeding concerning ABRAXANE® (the "Arbitration"), the License and Supply Agreement ("LSA"), the Amended and Restated Quality Agreement (the "QA"), and the Share Subscription Agreement (the "SSA"), entered into by the parties in 2017 and 2018. Pursuant to the Settlement Agreement, the parties agreed to mutually dismiss the Arbitration and BMS-Celgene and its affiliates agreed to transfer 23,273,108 ordinary shares of the Company originally purchased in 2017, in each case subject to and in accordance with the terms and conditions of the Settlement Agreement. In consideration for the shares being returned, the Company agreed to drop its claims pursuant to the Settlement Agreement. Furthermore, the parties agreed to terminate the LSA and QA on December 31, 2023, subject to the Company's right to continue selling all inventory of REVLIMID and VIDAZA until sold out or December 31, 2024, whichever is earlier. The Settlement Agreement provides for a settlement and release by each party of claims arising from or relating to the Arbitration, the LSA, the QA and the SSA, as well as other disputes and potential disputes between the parties, in each case subject to and in accordance with the terms and conditions of the Agreement. The receipt of the shares occurred on August 15, 2023. The Company recorded a noncash gain upon receipt of US\$362,917,000, which represents the fair value on the day the shares were received. The gain was recorded within other expense, net in the consolidated statements of operations. The shares were constructively retired as of December 31, 2023. The Company recorded the amount of the cancelled shares in excess of par to additional paid-in capital.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RESTRICTED NET ASSETS

The Company's ability to pay dividends may depend on the Company receiving distributions of funds from its PRC subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of the subsidiary's retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the condensed consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC subsidiaries.

In accordance with the company law of the PRC, a domestic enterprise is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. A domestic enterprise is also required to provide discretionary surplus reserve, at the discretion of the board of directors, from the profits determined in accordance with the enterprise's PRC statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Company's PRC subsidiaries were established as domestic enterprises and therefore are subject to the above-mentioned restrictions on distributable profits.

As a result of these PRC laws and regulations, including the requirement to make annual appropriations of at least 10% of after-tax income and set aside as general reserve fund prior to payment of dividends, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company.

Foreign exchange and other regulations in the PRC may further restrict the Company's PRC subsidiaries from transferring funds to the Company in the form of dividends, loans and advances. As of June 30, 2024 and December 31, 2023, the net cash of the Company's PRC subsidiaries amounted to US\$1,378,872,000 and US\$1,837,790,000, respectively.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2024, the Company had non-cancellable purchase commitments amounting to US\$120,366,000, of which US\$28,822,000 related to minimum purchase requirements for supply purchased from contract manufacturing organizations and US\$91,544,000 related to binding purchase obligations of inventory from Amgen. The Company does not have any minimum purchase requirements for inventory from Amgen.

Capital Commitments

The Company had capital commitments amounting to US\$62,576,000 for the acquisition of property, plant and equipment as of June 30, 2024, related to various facilities across the globe, including the manufacturing and clinical R&D campus in Hopewell, New Jersey.

Co-Development Funding Commitment

Under the Amgen Collaboration Agreement, the Company is responsible for co-funding global development costs for the Amgen oncology pipeline assets up to a total cap of US\$1,250,000,000. The Company is funding its portion of the co-development costs by contributing cash and development services. As of June 30, 2024, the Company's remaining co-development funding commitment was US\$412,647,000.

Funding Commitment

The Company had committed capital related to two equity-method investments in the amount of US\$15,054,000. As of June 30, 2024, the remaining capital commitment was US\$8,154,000 and is expected to be paid from time to time over the investment period.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this financial information, the Company had the following related party transactions for the six months ended June 30, 2024 and 2023:

Xiaodong Wang, Chairman of Scientific Advisory Board, director and shareholder, provided consulting service to the Company, and the compensation received by Dr. Wang for consulting service for the six months ended June 30, 2024 and 2023 consisted of (i) US\$50,000 (2023: US\$50,000) in consulting fees, (ii) US\$75,000 (2023: US\$75,000) as a performance-based cash bonus, (iii) share-based compensation expenses for options and RSUs of US\$2,099,000 (2023: US\$2,017,000).

- (b) Compensation of key management personnel of the Company:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
Short term employee benefits	3,786	2,914
Post-employment benefits	75	32
Share-based compensation expenses	<u>21,106</u>	<u>19,857</u>
Total compensation paid to key management personnel	<u>24,967</u>	<u>22,803</u>

22. SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in one segment: pharmaceutical products. Its chief operating decision maker is the Chief Executive Officer, who makes operating decisions, assesses performance and allocates resources on a consolidated basis.

The Company's long-lived assets are primarily located in the U.S. and the PRC.

Net product revenues by geographic area are based upon the location of the customer, and net collaboration revenue is recorded in the jurisdiction in which the related income is expected to be sourced from.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT AND GEOGRAPHIC INFORMATION *(Continued)*

Total revenues by geographic area are presented as follows:

	Six Months Ended June 30,	
	2024	2023
	US\$'000	US\$'000
U.S. – total revenue	832,886	416,830
Product revenue	830,821	362,307
Collaboration revenue	2,065	54,523
China – total revenue	672,446	543,464
Product revenue	662,774	540,828
Collaboration revenue	9,672	2,636
Europe – total revenue	149,249	67,690
Product revenue	148,232	45,823
Collaboration revenue	1,017	21,867
Rest of world – total revenue	26,237	15,078
Product revenue	26,237	15,078
Collaboration revenue	–	–
Total Revenue	<u>1,680,818</u>	<u>1,043,062</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The unaudited interim condensed consolidated financial statements are prepared in accordance with U.S. GAAP, which differ in certain respects from International Financial Reporting Standards (“IFRSs”). The effects of material differences between the financial information of the Company prepared under U.S. GAAP and IFRSs are as follows:

Consolidated statement of operations data	Six months ended June 30, 2024					Amounts under IFRSs US\$'000
	Amounts as reported under U.S. GAAP US\$'000	IFRSs adjustments			Lease (note (iv)) US\$'000	
		Share-based compensation (note (i)) US\$'000	Income taxes in the interim period (note (iii)) US\$'000			
Research and development	(915,104)	(10,395)	–	811	(924,688)	
Selling, general and administrative	(871,156)	(12,922)	–	1,000	(883,078)	
Interest income (expense), net	29,385	–	–	(1,286)	28,099	
Loss before income tax expense	(349,346)	(23,317)	–	525	(372,138)	
Income tax expense	(22,209)	–	(2,951)	–	(25,160)	
Net loss	(371,555)	<u>(23,317)</u>	<u>(2,951)</u>	<u>525</u>	(397,298)	
Consolidated statement of operations data	Six months ended June 30, 2023					Amounts under IFRSs US\$'000
	Amounts as reported under U.S. GAAP US\$'000	IFRSs adjustments			Lease (note (iv)) US\$'000	
		Share-based compensation (note (i)) US\$'000	Income taxes in the interim period (note (iii)) US\$'000			
Research and development	(831,348)	(13,557)	–	830	(844,075)	
Selling, general and administrative	(723,533)	(13,107)	–	650	(735,990)	
Interest income (expense), net	31,086	–	–	(1,556)	29,530	
Loss before income tax expense	(704,402)	(26,664)	–	(76)	(731,142)	
Income tax (expense) income	(25,166)	(1,567)	7,376	–	(19,357)	
Net loss	(729,568)	<u>(28,231)</u>	<u>7,376</u>	<u>(76)</u>	(750,499)	

* IFRSs adjustments brought forward from prior years.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Consolidated balance sheet data	As at June 30, 2024					Amounts under IFRSs US\$'000
	Amounts as reported under U.S. GAAP US\$'000	Share-based compensation (note (i)) US\$'000	IFRSs adjustments			
			Preferred Shares (note (ii)) US\$'000	Income taxes in the interim period (note (iii)) US\$'000	Lease (note (iv)) US\$'000	
Operating lease right-of-use assets	103,633	—	—	—	(1,859)	101,774
Total assets	5,712,179	—	—	—	(1,859)	5,710,320
Tax payable	5,278	—	—	2,951	—	8,229
Total liability	2,345,924	—	—	2,951	—	2,348,875
Additional paid-in capital	11,840,197	23,317	—	—	—	12,448,137
Accumulated deficit	(8,333,605)	(23,317)	—	(2,951)	525	(8,946,355)
		(276,729)*	(307,894)*	—	(2,384)*	
Total equity	3,366,255	—	—	(2,951)	(1,859)	3,361,445

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Consolidated balance sheet data	As at December 31, 2023				
	Amounts as reported under U.S. GAAP US\$'000	IFRSs adjustments			Amounts under IFRSs US\$'000
		Share-based compensation (note (i)) US\$'000	Preferred Shares (note (ii)) US\$'000	Lease (note (iv)) US\$'000	
Operating lease right-of-use assets	95,207	—	—	(2,384)	92,823
Total assets	5,805,275	—	—	(2,384)	5,802,891
Additional paid-in capital	11,598,688	68,687	—	—	12,183,311
		208,042*	307,894*	—	
Accumulated deficit	(7,962,050)	(68,687)	—	(79)	(8,549,057)
		<u>(208,042)*</u>	<u>(307,894)*</u>	<u>(2,305)*</u>	
Total equity	3,537,327	—	—	(2,384)	3,534,943

* IFRSs adjustments brought forward from prior years.

Notes:

(i) Share based compensation

Under U.S. GAAP, the Company has elected to recognize compensation expense using the straight-line method for all employee equity awards granted with graded vesting based on service conditions provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant date value of the options that are vested at that date.

Under IFRSs, the accelerated method is required to recognize compensation expense for all employee equity awards granted with graded vesting.

A difference of US\$23,317,000 arose between the amount of share-based compensation (included in research and development expenses, and selling, general and administrative expenses) recognized under U.S. GAAP and IFRSs for the six months ended June 30, 2024 (six months ended June 30, 2023: US\$26,664,000).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Notes: *(Continued)*

(ii) Preferred Shares

Prior to the Company's US IPO, the Company had preferred shares, which were converted into ordinary shares at the time of the US IPO. Under U.S. GAAP, the preferred shares issued by the Company were classified as mezzanine equity, as these convertible preferred shares were redeemable upon the occurrence of a conditional event (i.e., Liquidation Transaction). The holders of the preferred shares had a liquidation preference upon the occurrence of the conditional event. The conversion options and contingent redemption options of the convertible preferred shares do not qualify for bifurcation accounting because the conversion options are clearly and closely related to the host instrument and the underlying ordinary shares of the conversion options and redemption options are not publicly traded nor readily convertible into cash. No beneficial conversion features are recognized for the convertible preferred shares, as the fair values per ordinary share at the respective commitment dates were less than the most favorable conversion prices. The Company concluded that the preferred shares were not redeemable currently and it was not probable that the preferred shares would become redeemable because the likelihood of the Liquidation Transaction was remote. Therefore, no adjustment will be made to the initial carrying amount of the Preferred Shares until it is probable that they will become redeemable.

Under IFRSs, the preferred shares were regarded as a hybrid instrument consisting of a host debt instrument and a conversion option as a derivative. This was the result of certain redemption triggering events of the preferred shares being outside the control of the ordinary shareholders of the Company. In addition, the holders of the preferred shares were entitled to convert the preferred shares into a variable number of the Company's ordinary shares upon occurrence of certain anti-dilution events. Under IFRSs, the Company initially recorded all of the preferred shares as financial liabilities at fair value, with subsequent changes in the amount of the fair value of the preferred shares recognized in the statement of operations in the year in which they arose. Hence, all the fair value changes in the preferred shares of US\$307,894,000 prior to the conversion into the Company's ordinary shares in February 2016 was recognized in the statement of operations under IFRSs, and the cumulative effect of such fair value changes was recognized in the additional paid in capital account upon the conversion of the preferred shares into the ordinary shares. The effect of such IFRSs adjustments on accumulated deficit and additional paid-in capital was US\$307,894,000, which was all carried forward to opening balance sheets of subsequent financial years/periods.

(iii) Income taxes in the interim period

Under U.S. GAAP, the interim tax provision is determined by applying the estimated annual worldwide effective tax rate for the consolidated entity to the worldwide consolidated year-to-date pretax income.

Under IFRSs, the interim tax provision is determined by applying an estimated average annual effective tax rate to interim period pretax income. A separate estimated average annual effective tax rate is determined for each material tax jurisdiction and applied individually to the interim period pretax income of each jurisdiction.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Notes: *(Continued)*

(iv) Lease

As a lessee, the Company recognized a lease liability based on the present value of the total remaining lease payments, and a corresponding right of use asset under U.S. GAAP. The Company subsequently recognize an operating lease expense on straight line basis over the lease term.

IFRSs 16, Lease requires entities to present interest expense on the lease liability and depreciation on the right of use assets separately in the statement of operations. This will change the allocation of expenses and the total amount of expenses recognized for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease terms, and a decreasing expense during the latter years of the lease terms.

24. DIVIDENDS

The board of directors of the Company did not recommend the distribution of any interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

DEFINITIONS

“2011 Plan”	the 2011 Option Plan adopted by the Company on April 15, 2011 and most recently amended on April 17, 2015
“2016 Plan”	the Second Amended and Restated 2016 Share Option and Incentive Plan approved by the shareholders of the Company on December 7, 2018, as amended from time to time, the principal terms of which were set out in the Company’s Proxy Statement/Circular dated April 29, 2022
“2018 ESPP”	the Third Amended and Restated 2018 Employee Share Purchase Plan most recently amended on June 16, 2021 (effective as of September 1, 2021)
“ADS(s)”	American Depositary Shares (each representing 13 ordinary shares of the Company)
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Amended 2016 Plan”	the Third Amended and Restated 2016 Share Option and Incentive Plan approved by the shareholders of the Company on June 5, 2024, as amended from time to time, the principal terms of which were set out in the Company’s Proxy Statement/Circular dated April 26, 2024
“Amended 2018 ESPP”	the Fourth Amended and Restated 2018 Employee Share Purchase Plan approved by the shareholders of the Company on June 5, 2024, as amended from time to time, the principal terms of which were set out in the Company’s Proxy Statement/Circular dated April 26, 2024
“Amgen”	Amgen Inc., a company incorporated under the laws of Delaware, US, on April 7, 1987
“Amgen Collaboration Agreement”	a Collaboration Agreement dated October 31, 2019, by and between BeiGene Switzerland and Amgen, which became effective on January 2, 2020
“Amgen SPA”	the share purchase agreement dated October 31, 2019, as amended, by and between BeiGene, Ltd. and Amgen
“Articles”	the seventh amended and restated memorandum and articles of association adopted by special resolution of the Shareholders passed on June 15, 2023, as amended from time to time

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the HK Listing Rules
“BeiGene”, “Company”, “our Company” or “the Company”	BeiGene, Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on October 28, 2010
“BeiGene Biologics”	BeiGene Biologics Co., Ltd.* (百濟神州生物藥業有限公司), a company incorporated under the laws of the PRC on January 25, 2017 and an indirectly wholly owned subsidiary of the Company
“BeiGene Guangzhou Factory”	BeiGene Guangzhou Biologics Manufacturing Co., Ltd.* (廣州百濟神州生物製藥有限公司), a company incorporated under the laws of the PRC on March 3, 2017 and a wholly owned subsidiary of BeiGene Biologics
“BeiGene Switzerland”	BeiGene Switzerland GmbH, a company incorporated under the laws of Switzerland on September 1, 2017 and a wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the HK Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the HK Listing Rules
“Director(s)”	the director(s) of our Company
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time
“HKEX”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“HK 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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollar” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the HK Listing Rules
“IPO”	initial public offering
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the HK Listing Rules
“NASDAQ”	Nasdaq Stock Market
“NASDAQ Listing Rules”	the listing rules of the Nasdaq Stock Market
“Novartis”	Novartis Pharm AG
“Prospectus”	the prospectus of the Company dated July 30, 2018
“PSU(s)”	performance share units, being a contingent right to received Shares awarded under the 2016 Plan and the Amended 2016 Plan
“Reporting Period”	the six months ended June 30, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“RMB Share(s)”	the Shares subscribed for in RMB by target subscriber(s) in the PRC, which are listed on the STAR Market and traded in RMB
“RSU(s)”	restricted share units, being a contingent right to receive Shares awarded under the 2016 Plan and the Amended 2016 Plan
“SEC”	the Securities and Exchange Commission of the United States

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company
“SSE”	the Shanghai Stock Exchange
“STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange
“STAR Offering”	issue of RMB Shares and listing on the STAR Market of the SSE
“subsidiary(ies)”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the HK Listing Rules
“United States”, “U. S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U. S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U. S. GAAP” or “GAAP”	United States generally accepted accounting principles

GLOSSARY OF TECHNICAL TERMS

“ADC”	means	antibody drug conjugate
“BRAF”	means	a human gene that makes the B-raf protein involved in sending internal cell signals that direct cell growth
“BTK”	means	Bruton’s tyrosine kinase. BTK is a key component of the BCR signaling pathway and is an important regulator of cell proliferation and cell survival in various lymphomas
“CLL”	means	chronic lymphocytic leukemia
“Kinase”	means	a type of enzyme that catalyzes the transfer of phosphate groups from high-energy, phosphate-donating molecules to specific substrates. The protein kinases make up the majority of all kinases. Protein kinases act on proteins, phosphorylating them on their serine, threonine, tyrosine, or histidine residues. These kinases play a major role in protein and enzyme regulation as well as signaling in the cell
“PARP”	means	poly ADP ribose polymerase, a family of proteins involved in numerous cellular processes, mostly involving DNA replication and transcriptional regulation, which plays an essential role in cell survival in response to DNA damage
“PD-1”	means	programmed cell death protein 1, an immune checkpoint receptor expressed on T-cells and pro-B-cells that binds two ligands, PD-L1 and PD-L2. PD-1 is a cell surface receptor that plays an important role in down-regulating the immune system by preventing the activation of T-cells
“PFS”	means	progression-free survival
“R/R”	means	relapsed or refractory
“SLL”	means	small lymphocytic lymphoma
“T-Cell”	means	a type of white blood cell that play a large role in immune response and that differs from other white blood cells like B-cells by the presence of the T-cell receptor on the T-cell’s outer surface, which is responsible for recognizing antigens bound to major histocompatibility complex molecules