



君圣泰医药
HighTide Therapeutics, Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2511

The background of the lower half of the page is a complex blue graphic. It features a central circular target-like pattern with a bright light source in the center. Surrounding this are various elements: a DNA double helix, a microscope lens, a pipette, and several petri dishes containing cell cultures. The overall aesthetic is scientific and technological, with a color palette of various shades of blue and white.

INTERIM REPORT

2024



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. LIU Liping (劉利平)
*(Chairwoman of the Board and
chief executive officer of the Company)*
Ms. YU Meng (于萌)

NON-EXECUTIVE DIRECTORS

Dr. ZHU Xun (朱迅)
Mr. MA Lixiong (馬立雄)
Mr. JIANG Feng (江峰)
Mr. LI Li (李鋌) *(resigned with effect from
February 2, 2024)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TAN Bo (譚肇)
Dr. Jin Li (李靖)
Mr. HUNG Tak Wai (孔德偉)

AUDIT COMMITTEE

Mr. TAN Bo (譚肇) *(Chairman)*
Dr. Jin Li (李靖)
Mr. HUNG Tak Wai (孔德偉)

REMUNERATION COMMITTEE

Dr. Jin Li (李靖) *(Chairman)*
Dr. LIU Liping (劉利平)
Mr. TAN Bo (譚肇)

NOMINATION COMMITTEE

Dr. LIU Liping (劉利平) *(Chairwoman)*
Dr. Jin Li (李靖)
Mr. HUNG Tak Wai (孔德偉)

JOINT COMPANY SECRETARIES

Ms. YU Li (于莉)
Ms. CHU Pik Man (朱璧敏)

AUTHORIZED REPRESENTATIVES

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STOCK CODE

2511

COMPANY'S WEBSITE

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LISTING DATE

December 22, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a biopharmaceutical company specializing in the discovery, development and commercialization of multifunctional, multi-targeted therapies for the treatment of metabolic and digestive diseases. We have developed, in house, a product pipeline of five candidates, covering eight indications in metabolic and digestive diseases. Two candidates are in clinical-stage across five indications. HTD1801 (berberine ursodeoxycholate), a new molecular entity, is a gut-liver anti-inflammatory metabolic modulator which targets multiple pathways pivotal to metabolic regulation, including those associated with metabolic and digestive diseases. Other product candidates include HTD4010, HTD1804, HTD1805 and HTD2802.

We are dedicated to developing multifunctional and multi-target therapies that treat complex metabolic and digestive diseases with a systemic approach, providing effective and safe options to improve overall clinical benefits of patients. As an integrated company with operations in the United States, Mainland China, Hong Kong and Australia, our global presence, experience and knowledge allow us to conduct high-quality multi-center clinical trials in a cost-effective and time-efficient manner. With our accumulated extensive successful experience in building and developing a broad pipeline of innovative therapies for metabolic and digestive diseases, we expect to provide the market with a steady roll-out of competitive products that aim to address unmet clinical needs in complex metabolic and digestive diseases.

OUR PRODUCTS AND PRODUCT PIPELINE

As of the date of this report, we have researched and developed in-house a pipeline with five proprietary drug candidates covering eight indications, including five indications that are at clinical stage. The following chart summarizes the development status of our drug candidates as of the date of this report:

Candidate	Mechanism/Target	Indication	Right	Designations	Pre-Clinical	Phase I	Phase II	Phase III
HTD1801 ★	Berberine ursodeoxycholate (BUDC)	MASH	Global	FTD			Ph IIa completed in US; Patient enrollment in Ph IIb completed in US, HK and Mainland China	
		T2DM	Global				Ph II completed in Mainland China, Ph III trials are ongoing in Mainland China	
		SHTG	Global				/ / / / / (1)	
		PSC	Global	FTD, ODD			Ph II completed in US and Canada	
HTD4010	Polypeptide Drug	AH	Global			Ph I completed in Australia		
HTD1804	Undisclosed	Obesity	Global					
HTD1805	Undisclosed	Metabolic Disease	Global					
HTD2802	Undisclosed	IBD	Global					

★ Core Assets

Abbreviation: Ph: Phase.

Note:

- (1) We have completed a Phase Ib/IIa trial for hypercholesterolemia in Australia and a Phase IIa trial for MASH in the United States. Based on the FDA's written responses to the pre-investigational new drug meeting, the FDA concluded that the available preclinical and clinical data of the above trials was adequate to support the initiation of Phase II trial for SHTG.

MANAGEMENT DISCUSSION AND ANALYSIS

HTD1801

- Our Core Product, HTD1801, a new molecular entity, is a gut-liver anti-inflammatory metabolic modulator which targets multiple pathways pivotal to treating metabolic and digestive diseases. It is a pivotal-stage, self-developed, multifunctional, multi-target, “pipeline-in-a-product” drug candidate. It is being developed for multiple metabolic and digestive indications, including MASH, T2DM, PSC and SHTG.

MASH

- In March 2024, resmetirom, a thyroid hormone receptor β -selective agonist, became the first drug receiving marketing approval from the FDA for the treatment of fibrosis improvement and MASH resolution in patients with MASH. Given the disease’s pathogenetic complexity and heterogeneity, the treatment of MASH is trending toward a multifunctional therapeutic approach.
- We have completed a randomized, double-blind, placebo-controlled Phase IIa study of HTD1801 in patients with MASH and T2DM in the United States in March 2020. The Phase IIa study met the primary endpoint, which showed that HTD1801 resulted in statistically significant, meaningful improvements in liver fat content, as assessed by MRI-PDFF, compared to a placebo.
- We presented additional data from the MASH Phase IIa study evaluating the effects of HTD1801 on liver fibroinflammation at the European Association for the Study of the Liver (EASL) in June 2023 and also at NASH-TAG in January 2024. The presentations showed that subjects receiving HTD1801 had significant reductions in fibroinflammatory disease of the liver as assessed by imaging and resulted in more patients achieving clinically relevant thresholds correlated with histologic improvement and lower disease activity.

At The Liver Meeting of the American Association for the Study of Liver Disease (AASLD) in November 2023, a follow-up analysis to evaluate the characteristics and on-treatment changes in patients achieving MRI-based endpoints (e.g. cT1) associated with improvements in histology was presented. Twice as many patients achieved the MRI response criteria with HTD1801 compared to placebo. Additionally, improvements were observed with HTD1801 treatment in liver biochemistry and key cardiometabolic parameters in both patients who did and did not achieve the response criteria.

These presentations provide further evidence that HTD1801 may improve liver histology in patients with MASH and T2DM and provides support for the ongoing biopsy-based Phase IIb study.

- At the EASL Congress in June 2024 multiple post-hoc analyses for the MASH Phase IIa study were presented including an evaluation of ongoing GLP-1 receptor agonists (GLP-1RAs) use compared to newly initiated HTD1801 treatment; analysis of the effects of HTD1801 response based on degree of insulin resistance; and a characterization of the time-course and severity of gastrointestinal (GI) adverse events (AEs) after treatment with HTD1801.

Key messages from these EASL 2024 presentations are as follows:

- HTD1801 provides greater benefit across multiple cardiometabolic endpoints compared to ongoing GLP-1RA use and that patients with MASH and T2DM, on concomitant GLP-1RAs, could achieve additional benefit in terms of further glucose and lipid lowering as well as weight loss with HTD1801.

MANAGEMENT DISCUSSION AND ANALYSIS

- Insulin resistance is a significant risk factor for T2DM, obesity and MASH. HTD1801 can alleviate the metabolic inhibitory effects caused by hyperinsulinemia, leading to even greater metabolic benefits in patients with MASH and more severe insulin resistance and therefore may offer a unique therapeutic approach for individuals with MASH and co-morbid T2DM.
- These data demonstrate that with continued treatment with HTD1801, GI tolerability improves supporting its potential for long-term use for the treatment of chronic disease, such as MASH.
- We are currently conducting a Phase IIb study of HTD1801 for the treatment of MASH with T2DM or pre-diabetes. The study has initiated in the United States, Hong Kong and Mainland China. The patient enrollment of Phase IIb has been completed in March 2024.
- We currently plan to complete the clinical trial and conduct data readout in the first half of 2025.

T2DM

- T2DM and MASLD are intricately and bi-directionally associated, where T2DM aggravates MASLD into more severe forms of liver disorders, such as MASH, cirrhosis and hepatocellular carcinoma, while the presence of MASLD increases the incidence and severity of T2DM and makes T2DM patients more susceptible to comorbidities such as CVDs.
- We completed a Phase I study in healthy subjects in Mainland China in November 2021 and a Phase Ib study in Chinese subjects with T2DM in September 2022. We further completed a Phase II study in Chinese subjects with T2DM in January 2023.
- Our completed Phase Ib and Phase II clinical trials in China have demonstrated a strong therapeutic effect in improving glucose metabolism, including statistically significant decreases in HbA1c and fasting glucose levels, which may be the result of decreased insulin resistance based on observed reductions in HOMA-IR with HTD1801. Collective results from our Phase Ib T2DM trial, Phase II T2DM trial and Phase IIa MASH and T2DM trial suggest that HTD1801 has broad efficacy on glucose homeostasis, other cardiometabolic markers and liver health, supporting a differentiated profile compared to other anti-diabetic agents.
- We presented data from the T2DM Phase II study at the Annual Meeting of the European Association for the Study of Diabetes (EASD) in October 2023 demonstrating treatment with HTD1801 resulted in significant reductions hemoglobin A1c, and also achieved clinically important secondary endpoints related to improvements in metabolic and glycemic control. The multifaceted effects demonstrated by HTD1801 in this Phase II study support HTD1801 as a potential and novel oral treatment option for T2DM.
- At the American Diabetes Association's (ADA) 84th Scientific Session held in June 2024, a post-hoc analysis from the Phase II T2DM study presented the effectiveness of HTD1801 in patients with T2DM across the disease spectrum based on baseline HbA1c. Regardless of baseline disease severity, HTD1801 treatment resulted in significant improvements in key glycemic and lipid metabolism markers, as well as indicators of liver injury with a greater improvement in subjects with more severe disease. These data suggest HTD1801 may offer a unique therapeutic approach for individuals with T2DM and other comorbidities (i.e. MASH and dyslipidemia), as managing these conditions effectively is crucial in controlling T2DM and reducing its associated complications.

MANAGEMENT DISCUSSION AND ANALYSIS

- We initiated Phase III registrational trials of HTD1801 for the treatment of T2DM in China in November 2023. Based on the comprehensive benefits observed for HTD1801 treatment, coupled with its safety profile and ease of administration, we believe that HTD1801 has the potential to become a therapy for T2DM patients who also suffer from metabolic comorbidities such as MASLD and dyslipidemia.
- The patient enrollments of the two Phase III registration trials of HTD1801 for the treatment of T2DM (SYMPHONY-1 and SYMPHONY-2) have been completed in June 2024.
- We currently plan to complete the clinical trials and conduct data readout in 2025.

PSC

- PSC is a rare, chronic cholestatic liver disease characterized by intrahepatic and extrahepatic bile duct injury. Inflammation and fibrosis of the bile ducts lead to structural damage, impaired bile flow and progressive liver dysfunction. PSC has been identified by the European Association for the Study of the Liver as one of the largest unmet clinical needs in the category of liver disease. HTD1801 is precisely engineered to target the disease's complex pathogenic mechanisms through a multifunctional synergistic approach.
- HTD1801 provides a unique and comprehensive treatment of the gut-liver-biliary system, acting through multiple mechanisms to address the complex pathogenesis of PSC, including a choleric effect achieved by displacing toxic bile acids from the bile acid pool and a variety of anti-inflammatory effects. In addition, HTD1801 treatment has demonstrated positive changes in the gut microbiome, an important contributor to the pathogenesis of PSC.
- We completed a Phase II clinical trial of HTD1801 for PSC in the United States and Canada in August 2020, with the HTD1801 treatment group demonstrating a statistically significant reduction in serum alkaline phosphatase, a key biomarker indicating the presence of cholestatic liver disease, compared to the placebo group. HTD1801 treatment was also associated with improvements in markers of liver injury and inflammation. In addition to its efficacy profile, HTD1801 demonstrated a good safety profile in this patient population including liver-related safety. HTD1801 has been granted FTD and ODD from FDA for the treatment of PSC, which allows for expedited regulatory review. We had also held a successful end of Phase II (EOP2) meeting with FDA and was permitted to commence Phase III clinical trial.

SHTG

- SHTG is the presence of high levels of triglycerides, a type of fat, in the blood. SHTG is well known to be associated with other complex and serious disorders such as acute pancreatitis and CVDs. Existing pharmacological interventions primarily include the use of fibrates, omega-3 fatty acids, statins and niacin, but these treatment options either have limited efficacy or are associated with safety concerns. It is clear that there remains a medical need for safe and effective therapies for the treatment of adult patients with SHTG, therapies that address not only triglycerides levels but also comorbid conditions.
- For SHTG, preclinical studies demonstrated that HTD1801 could improve lipids in hamster models of dyslipidemia and MASLD. In addition, in a pooled analysis of clinical studies of MASH and hypercholesterolemia, focusing on subjects with baseline TGs above 200 mg/dL (hypertriglyceridemia), treatment with HTD1801 was associated with clinically meaningful reductions in TG levels, which supports the therapeutic potential of HTD1801 in SHTG.

MANAGEMENT DISCUSSION AND ANALYSIS

- We have completed Phase I clinical trial in healthy subjects in Australia. We will continue to evaluate the clinical progress of HTD1801 and, taking into account the overall strategy and resources allocation of the Group, assess the timeframe of initiating the Phase II clinical trial of HTD1801 for the treatment of SHTG.

HTD4010

- Building on our expertise in the development of HTD1801, we have also invested in and developed our pipeline to cover AH, obesity, IBD and other metabolic diseases to address large unmet medical needs of other patient populations. For the treatment of AH, we are advancing the early clinical development of HTD4010. AH is one of the manifestations from alcohol-associated liver disease characterized by acute liver inflammation.
- Our HTD4010 is a Phase I clinical-stage, polypeptide drug for the treatment of complex, life-threatening diseases such as AH, which is caused by chronic heavy alcohol abuse or a sudden, drastic increase in alcohol consumption. It is characterized by severe inflammation and, ultimately, liver failure and death. HTD4010 is a Toll-like receptor 4 inhibitor potentially capable of modulating the innate immune response and the resulting liver inflammation, a major contributor to AH pathogenesis.

HTD1804

- An additional drug candidate, HTD1804, is under evaluation for the treatment of obesity, which is a growing global health risk associated with a wide range of comorbidities, most notably CVDs and T2DM.
- Our HTD1804 is a preclinical-stage, small molecule multifunctional therapy for the treatment of obesity, a growing global health risk associated with a wide range of comorbidities, most notably CVDs and T2DM. Preclinical studies have shown that HTD1804 may be an important modulator of energy metabolism to provide cardiovascular protection, and can effectively reduce the body weight of animals with obesity as well as lipid- and glucose-lowering effects.

HTD1805

- HTD1805, another drug candidate in our pipeline, is a multifunctional small molecule drug for the treatment of metabolic diseases. It is a preclinical-stage, multifunctional small molecule drug for the treatment of metabolic diseases. HTD1805 is prepared with the similar design rational as HTD1801, and the efficacy and safety profiles of the active moieties forming demonstrate the potential of HTD1805 in treating various metabolic diseases.

HTD2802

- Our HTD2802 is a preclinical-stage, multifunctional drug for the treatment of IBD, a common GI tract disorder. The existing IBD drugs fail to adequately control the symptoms and complications in many patients. In preclinical studies, HTD2802 has shown positive effects on improving stool formation, relieving abnormal weight loss and reducing the occurrence of fecal occult blood, as well as reducing inflammatory cytokine levels and preventing pathological injury.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, we will continue to advance our pipeline of drug candidates through clinical development and continue to seek to expand indication coverage of our pipeline. With respect to commercialization, based on the expected approval timeline of each indication of HTD1801 in our pipeline, we expect to file new drug application with the NMPA for HTD1801 for T2DM in 2025. In anticipation of the upcoming milestone, we are actively seeking domestic partners with a strong commercialization network and expertise in T2DM. Subject to our global clinical development plan, we also plan to commercialize HTD1801 for MASH, PSC and SHTG in multiple jurisdictions, including but not limited to the United States, European Union and China.

THERE IS NO ASSURANCE THAT WE WILL BE ABLE TO ULTIMATELY DEVELOP AND MARKET ANY OF OUR PIPELINE PRODUCTS SUCCESSFULLY.

RESEARCH AND DEVELOPMENT CAPABILITY

We believe that our continued R&D is the key driver of our business growth and competitiveness.

R&D Team

Our R&D team has strong expertise, deep understanding, and broad development experience in metabolic and digestive diseases. Our R&D team is generally responsible for the global development of our pipeline products. For our internally discovered and developed drug candidates, we conducted drug discovery, quality assurance and clinical activities including: (i) coordinating all clinical development activities; (ii) designing the key aspects of the clinical studies; (iii) designing and coordinating the selection process for qualified CROs to assist in engaging clinical sites and coordinating clinical studies once commenced; (iv) supervising the clinical studies; and (v) overseeing extensive regulatory outreach and coordination in China and other jurisdictions. Our R&D team is led by a team of world-class scientists with years of drug development experience.

Drug Discovery

We have worked on our product candidates' advancement for more than ten years and developed product candidates in-house. Our drug discovery team members have expertise in biology, medicinal chemistry, drug metabolism and pharmacokinetics, chemistry and early clinical areas, which support our product development.

Clinical Development

As of June 30, 2024, the clinical development team consisted of more than thirty members, including scientists and physicians with strong drug development experience, who participate in clinical development strategy development, clinical trial protocol design, clinical trial operation organization, drug safety monitoring, and clinical trial quality control. Our clinical development staff represent a highly skilled and experienced team of professionals who work collaboratively to design and execute complex clinical trials and drug development programs. Our core capabilities in the area of development include clinical trial design, regulatory and quality compliance, project management, clinical operations, medical writing, safety monitoring and drug development strategy. Our team has the expertise to design clinical trials that are rigorous and compliant with regulatory requirements. This involves collaborating internally, with experts and regulatory authorities to determine the appropriate patient population, defining endpoints, and selecting appropriate control groups. The clinical development unit of our Company manages all stages of clinical trials, including protocol design and oversees, operations/conduct, and the collection and analysis of clinical data.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this report.

Other Income and Gains

Our other income and gains increased by RMB15.6 million from RMB22.7 million for the six months ended June 30, 2023 to RMB38.3 million for the six months ended June 30, 2024, representing an increase of 68.7%.

The increase in the other income and gains was primarily because of the increase of approximately RMB15.1 million in government grants.

Fair Value Losses on Convertible Redeemable Preferred Shares

Our fair value changes of convertible redeemable preferred shares decreased from a loss of RMB399.6 million for the six months ended June 30, 2023 to nil for the six months ended June 30, 2024. The changes in 2023 are non-recurring after the completion of Listing on December 22, 2023 as all of the Company's preferred shares were converted to ordinary shares upon the Listing Date.

Research and Development Costs

Our research and development costs primarily consist of (i) third-party contracting expenses primarily including early stage discovery expenses, preclinical expenses, and clinical development expenses for our drug candidates; (ii) staff costs, primarily consisting of salaries and benefits for our R&D team; (iii) expenses under the employee long-term incentive plans, representing expenses associated with share options granted to our R&D team; and (iv) others, primarily including rental, raw materials, and depreciation and amortization in relation to fixed assets, intangible assets and right-of-use assets.

Our research and development costs increased by 68.2% from RMB120.1 million for the six months ended June 30, 2023 to RMB202.0 million for the six months ended June 30, 2024. The increase was mainly attributable to an increase of approximately RMB70.8 million in third-party contracting expenses and an increase of approximately RMB12.0 million in the expenses under the employee long-term incentive plans.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of our research and development costs for the periods indicated:

	For the six months ended June 30,			
	2024		2023	
	RMB'000	%	RMB'000	%
Third-party contracting expenses	146,294	72	75,526	63
Staff costs	21,056	10	20,338	17
Expenses under the employee long-term incentive plans	31,560	16	19,548	16
Others	3,064	2	4,676	4
Total	201,974	100	120,088	100

Administrative Expenses

Our administrative expenses decreased by 11.3% from RMB52.0 million for the six months ended June 30, 2023 to RMB46.1 million for the six months ended June 30, 2024. The decrease in administrative expenses was primarily attributable to the decrease in professional service fees.

Loss for the Period

As a result of the above, we recorded a loss of RMB210.9 million for the six months ended June 30, 2024, as compared to RMB549.7 million for the six months ended June 30, 2023.

Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize value to the Shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to the Shareholders or issue new Shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet its future development demands for capital.

As of June 30, 2024, the current assets of the Group were RMB594.4 million, of which cash and bank balances amounted to RMB392.4 million and other current assets amounted to RMB202.0 million. The Group's cash and bank balances decreased by 35.5% from RMB608.2 million as at December 31, 2023 to RMB392.4 million as at June 30, 2024. The decrease was mainly due to expenditure on research and development cost and administrative expenses. As at June 30, 2024, cash and bank balances were mainly denominated in United States dollars, Renminbi and Hong Kong dollars.

As of June 30, 2024, the current liabilities of the Group were RMB54.6 million, including trade payables of RMB38.7 million, other payables and accruals of RMB10.9 million and lease liabilities of RMB5.0 million.

Bank Borrowings

As of June 30, 2024, the Group did not have any outstanding interest-bearing bank borrowings (December 31, 2023: RMB3.5 million).

Charges on Group Assets

As of June 30, 2024, there were no charges on assets of the Company (December 31, 2023: nil).

Key Financial Ratios

The following table sets forth the key financial ratios for the dates indicated:

	As at June 30, 2024	As at December 31, 2023
Gearing Ratio ⁽¹⁾	Nil	0.5%
Current Ratio ⁽²⁾	10.9	9.8

Notes:

- (1) Equals bank loans and other borrowings divided by total equity as of the same date.
- (2) Equals current assets divided by current liabilities as of the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

During the six months ended June 30, 2024, the Group held investments through two structured entities, Apollo Multi-Asset Growth Fund and Chaince Capital Fund LP (together the “**Funds**”), that the Group invested with initial capital contribution of US\$12.5 million each. Such investments were made before the Listing Date. As at June 30, 2024, the underlying assets purchased by Apollo Multi-Asset Growth Fund and Chaince Capital Fund LP mainly included listed equity investments, which were classified as financial instruments at FVTPL of RMB85.5 million and RMB85.5 million (representing 13.8% and 13.8% of the Group’s total assets as at June 30, 2024), respectively. The listed equity investments are non-principal guaranteed with floating return. During the six months ended June 30, 2024, the underlying assets purchased by the Funds generated an investment income of approximately RMB1.0 million.

Save as disclosed above, the Group did not have any significant investments and did not have other plans for significant investments or capital assets as at the date of this report.

With regards to significant investments, the Company has formulated prudent investment strategy of diversifying risks and generating steady returns on the premise of ensuring the safety of funds. The Company has ensured and will ensure that there remains sufficient working capital for its business needs, operating activities, research and development and capital expenditures after making the significant investments. The investment decisions were and will be made on a case-by-case basis and after due and careful consideration of a number of factors, such as the duration of the investment and the expected returns.

Material Acquisitions and Disposals

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

Contingent Liabilities

The Group did not have any material contingent liabilities as at June 30, 2024.

Capital Commitments

As of December 31, 2023 and June 30, 2024, the Group had capital commitments contracted for but not yet provided of RMB2.6 million and RMB1.8 million, respectively, primarily in connection with property, plant and equipment.

Foreign Currency Risk

We have transactional currency exposures. Our Group’s transactions were primarily denominated in US dollars, Renminbi and Hong Kong dollars. Certain of our cash and bank balances and trade and other payables are denominated in non-functional currency of the Company and exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain non-operational or one-off expenses that do not affect our ongoing operating performance, including changes in fair value of convertible redeemable preferred shares, expenses under the employee long-term incentive plans and listing expenses. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. Changes in fair value of convertible redeemable preferred shares represent the changes in fair value of various rights associated with the preferred shares, which is non-recurring and non-operational in nature. Expenses under the employee long-term incentive plans are non-operational expenses arising from granting options to selected directors, employees and consultants of the Company, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities. With respect to share awards, determining its fair value involves a high-degree of judgment. Historical occurrence of expenses under the employee long-term incentive plans is not indicative of any future occurrence. Listing expenses are one-off expenses in relation to the Listing. Therefore, we do not consider changes in fair value of convertible redeemable preferred shares, expenses under the employee long-term incentive plans and Listing expenses to be indicative of our ongoing core operating performance and exclude them in reviewing our financial results. From time to time in the future, there may be other items that we may exclude in reviewing our financial results.

The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net loss for the period to our adjusted net loss for the periods indicated:

	For the six months ended June 30, 2024	2023
	RMB'000	RMB'000
Net loss for the period	(210,945)	(549,744)
Added:		
Fair value changes on convertible redeemable preferred shares	–	399,635
Expenses under the employee long-term incentive plans	54,036	28,445
Listing expenses	–	16,315
Adjusted net loss	(156,909)	(105,349)

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policy

As at June 30, 2024, we had 68 employees in total. The following table sets forth the number of our employees categorized by function as of June 30, 2023 and June 30, 2024.

	Number of employees as at June 30, 2024	Number of employees as at June 30, 2023
Discovery and Clinical Development	42	38
Regulatory Affairs	6	6
Management Operations	20	24
Total	68	68

The total employee benefit expense (excluding Directors' and chief executive's remuneration) incurred by the Group was RMB62.6 million for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB45.3 million). The increase in remuneration cost was primarily attributable to the grants of options under the 2020 Share Incentive Plan and the 2023 Share Incentive Plan in the second half of 2023.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds pursuant to applicable laws and regulations.

To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, including internal training, to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and share-based payment, particularly our key employees.

The Company has adopted share incentive plans on January 22, 2020 and May 24, 2023, respectively. For further details, please refer to the paragraph headed "D. Incentive Plans" in Appendix IV to the Prospectus.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance. The Directors are of the view that throughout the Reporting Period, the Company has complied with all applicable code provisions of the Corporate Governance Code save and except for the following deviation from code provision C.2.1 of the Corporate Governance Code.

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Liu has been serving as the chairwoman of the Board since the Listing and Chief Executive Officer since February 2018. With extensive experience in the pharmaceutical industry and having served in our Company since its establishment, Dr. Liu is in charge of overall strategic planning, business direction and operational management of our Group. Our Board considers that vesting the roles of chairwoman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and diverse individuals. Our Board currently comprises two executive Directors, three non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairperson and the chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's employees who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company throughout the Reporting Period.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares, as defined in the Listing Rules) during the Reporting Period. The Company did not hold any treasury shares (as defined in the Listing Rules) as of June 30, 2024.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period which could have a material and adverse effect on our financial condition or results of operations. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Company during the Reporting Period which could have a material and adverse effect on our financial condition or results of operations.

OTHER INFORMATION

USE OF NET PROCEEDS FROM THE LISTING

The total net proceeds from the issue of shares by the Company in its Listing amounted to approximately HK\$194.1 million, after deducting the underwriting commission and other expenses payable by the Company in connection with the Listing. During the Reporting Period, the net proceeds were used according to the intentions previously disclosed by the Company in the Prospectus. The balance of unutilized net proceeds amounted to approximately HK\$156.1 million as at the end of the Reporting Period and the Company intends to use them in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

	Use of proceeds in the same manner and proportion as stated in the Prospectus HK\$ in million	Net proceeds unutilized as at the beginning of the Reporting Period HK\$ in million	Actual use of proceeds during the Reporting Period HK\$ in million	Actual use of proceeds as at the end of the Reporting Period HK\$ in million	Net proceeds unutilized as at the end of the Reporting Period HK\$ in million	Expected time frame for utilizing the remaining unutilized net proceeds ^{Note}
Approximately 80.0% to fund the continuing clinical research and development activities of our HTD1801	155.2	155.2	36.2	36.2	119.0	December 2025
Approximately 5.0% to fund the ongoing research and development including R&D personnel costs and third party contracting expenses for HTD1804 for obesity	9.7	9.7	0.2	0.2	9.5	December 2025
Approximately 10.0% for the early drug discovery and development of other drug candidates from continuously upgrading and enhancing our FUSIONTX™ development approach	19.5	19.5	1.8	1.8	17.7	December 2025
Approximately 5.0% for working capital and other general corporate purposes	9.7	9.7	–	–	9.7	December 2025
Total	194.1	194.1	38.2	38.2	155.9	

Note: The expected timeframe for utilizing the remaining unutilized net proceeds is based on the best estimation of the factual business needs and future business development of the Group. It will be subject to change based on the current and future developments of market conditions and future business needs of the Group.

OTHER INFORMATION

REVIEW OF INTERIM RESULTS

The Audit Committee, comprising three independent non-executive Directors, being Mr. TAN Bo (譚肇) (chairman of the Audit Committee with the appropriate professional qualifications), Dr. Jin LI (李靖) and Mr. HUNG Tak Wai (孔德偉), together with the management of the Company, have considered and reviewed this interim report, the Group's unaudited interim results for the Reporting Period, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters, and are of the view that the interim results of the Group are prepared in compliance with the relevant accounting standards, laws and regulations and the Company has made appropriate disclosures thereof. The interim condensed consolidated financial information of the Group for the Reporting Period has not been audited. The Company's independent auditor, Ernst & Young, has performed an independent review of the Group's interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. There is no disagreement by the Audit Committee or the auditor of the Company with the accounting treatment adopted by the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group occurred since June 30, 2024 and up to the date of this report.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed in this interim report, since the date of the annual report of the Company for the year ended December 31, 2023 up to the date of this interim report, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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 at June 30, 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of Shares in issue ⁽²⁾
Dr. LIU Liping ⁽⁶⁾	Founder of a discretionary trust ⁽³⁾	81,000,000 (L)	15.74%
	Interest held through voting powers entrusted by other persons ⁽⁴⁾	16,351,927 (L)	3.18%
	Beneficial interest ⁽⁵⁾	10,004,964 (L)	1.94%
Mr. MA Lixiong	Interest in controlled corporation ⁽⁷⁾	30,194,154 (L)	5.87%
	Beneficial interest ⁽⁸⁾	5,926,584 (L)	1.15%
Ms. YU Meng	Beneficial interest ⁽⁹⁾	6,032,568 (L)	1.17%
Dr. ZHU Xun	Beneficial interest ⁽¹⁰⁾	1,336,908 (L)	0.26%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Based on a total of 514,770,668 Shares in issue as at June 30, 2024.
- (3) Dr. Liu, being the investment advisor of the Family Trust, is entitled to exercise the voting rights attached to the 81,000,000 Shares held by the Founder BVI.
- (4) Comprising voting rights attached to 16,351,927 Shares underlying Awards vested which Dr. Liu was entitled to exercise the voting rights pursuant to the voting agreements entered into by the Company and certain grantees under the 2020 Share Incentive Plan.
- (5) As at June 30, 2024, Dr. Liu was interested in 10,004,964 shares underlying the Awards granted to her under the 2020 Share Incentive Plan, of which 4,956,631 Shares underlying the Awards were vested.

OTHER INFORMATION

- (6) Dr. Liu, the Founder BVI, Greaty Investment, ZT Global Energy and Orient Champion have entered into a concert party agreement (the “**Concert Party Agreement**”) on September 30, 2021, pursuant to which the Founder BVI (the voting rights attached to the Shares held by whom are to be exercised by Dr. Liu), Greaty Investment, ZT Global Energy and Orient Champion confirmed and ratified that, since September 1, 2019, (i) they had acted and would continue to act in concert and collectively for all matters relating to the operation and development of our Group that need to be approved by the Shareholders pursuant to applicable laws and the constitutional documents of our Company; and (ii) when and if they could not reach unanimous consent, the decision of Dr. Liu shall prevail. None of the party to the Concert Party Agreement is entitled to terminate the Concert Party Agreement unilaterally. As of June 30, 2024, each of Greaty Investment, ZT Global Energy and Orient Champion held 6,369,372 Shares, 6,369,372 Shares and 8,917,116 Shares, each representing 1.24%, 1.24% and 1.73% of the issued Shares as at June 30, 2024.
- (7) BAIYI Capital Limited is wholly-owned investment holding company of AIH Capital L.P., which is controlled by Mr. MA Lixiong. Pingtan Rongjing Investment Partnership (Limited Partnership) (平潭榮景投資合夥企業(有限合夥)) is managed by its general partner, Yuthai Investment Management Co., Ltd., which is owned as to 80% by Mr. MA Lixiong. Therefore, Mr. MA Lixiong is deemed to be interested in (i) 27,428,154 Shares held by BAIYI Capital Limited and (ii) 2,766,000 Shares held by Pingtan Rongjing Investment Partnership (Limited Partnership) under the SFO.
- (8) As at June 30, 2024, Mr. MA Lixiong was interested in 5,926,584 Shares underlying the Awards granted to him under the 2020 Share Incentive Plan, and 2023 Share Incentive Plan, of which 989,544 Shares underlying the Awards were vested as at June 30, 2024.
- (9) As at June 30, 2024, Ms. YU Meng was interested in 6,032,568 Shares underlying the Awards granted to her under the 2020 Share Incentive Plan, and 2023 Share Incentive Plan, of which 1,748,688 Shares underlying the Awards were vested as at June 30, 2024.
- (10) As at June 30, 2024, Dr. ZHU Xun was interested in 1,336,908 Shares underlying the Awards granted to him under the 2020 Share Incentive Plan, of which 856,605 Shares underlying the Awards were vested as at June 30, 2024.

Save as disclosed in this report and to the best knowledge of the Directors, as at June 30, 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

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

So far as the Directors or chief executive are aware, as at June 30, 2024, the following persons (other than the Directors and chief executive whose interests have been disclosed in this report), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as 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 held ⁽¹⁾	Approximate percentage of Shares in issue ⁽²⁾
Mr. Li Li ⁽³⁾	Interest in controlled corporation	77,804,710 (L)	15.11%
Ms. Li Tan ⁽³⁾	Interest of spouse	77,804,710 (L)	15.11%
Hepalink ⁽³⁾	Beneficial owner	13,515,210 (L)	2.63%
	Interest in controlled corporation	64,289,500 (L)	12.49%
Hepalink Biotechnology II Limited ⁽³⁾	Beneficial owner	64,289,500 (L)	12.49%
Hepalink (Hong Kong) Limited ⁽³⁾	Interest in controlled corporation	64,289,500 (L)	12.49%
Hepalink Healthcare Partners I L.P. ⁽³⁾	Interest in controlled corporation	64,289,500 (L)	12.49%
Founder BVI ⁽⁴⁾	Beneficial owner	81,000,000 (L)	15.74%
The Bryn Mawr Trust Company of Delaware ⁽⁴⁾	Trustee of a trust	81,000,000 (L)	15.74%
2020 ESOP Platform ⁽⁵⁾	Beneficial owner	41,225,472 (L)	8.01%
The Core Trust Company Limited ⁽⁵⁾	Trustee of a trust	41,225,472 (L)	8.01%
TCT (BVI) Limited ⁽⁵⁾	Interest in controlled corporation	41,225,472 (L)	8.01%
Hongtu Capital ⁽⁶⁾	Beneficial owner	45,713,592 (L)	8.88%
Ms. CHAN See Ting ⁽⁶⁾	Interest in controlled corporation	45,713,592 (L)	8.88%
Mr. LAI Hoi Man ⁽⁶⁾	Interest in controlled corporation	45,713,592 (L)	8.88%
BAIYI Capital Limited	Beneficial owner	27,428,154 (L)	5.33%

OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Based on a total of 514,770,668 Shares in issue as at June 30, 2024.
- (3) Based on the information set out in the relevant disclosure made by the relevant substantial Shareholder(s), 64,289,500 Shares were held by Hepalink Biotechnology II Limited, which was wholly-owned by Hepalink Healthcare Partners I L.P., a limited partnership established under the laws of the Cayman Islands. The limited partner of Hepalink Healthcare Partners I L.P. was Hepalink (Hong Kong) Limited, which held 100% of the interest in Hepalink Healthcare Partners I L.P. Hepalink (Hong Kong) Limited was in turn wholly-owned by Hepalink. Mr. Li Li was interested in approximately 62.90% of the shares in Hepalink. Hepalink was also interested in 13,515,210 Shares. Ms. Li Tan is the spouse of Mr. Li Li.
- (4) The Bryn Mawr Trust Company of Delaware serves as the trustee of the Family Trust, which wholly-owned the Founder BVI.

Dr. Liu, the Founder BVI, Greaty Investment, ZT Global Energy and Orient Champion have entered into the Concert Party Agreement on September 30, 2021, pursuant to which the Founder BVI (the voting rights attached to the Shares held by whom are to be exercised by Dr. Liu), Greaty Investment, ZT Global Energy and Orient Champion confirmed and ratified that, since September 1, 2019, (i) they had acted and would continue to act in concert and collectively for all matters relating to the operation and development of our Group that need to be approved by the Shareholders pursuant to applicable laws and the constitutional documents of our Company; and (ii) when and if they could not reach unanimous consent, the decision of Dr. Liu shall prevail. None of the party to the Concert Party Agreement is entitled to terminate the Concert Party Agreement unilaterally. Each of Greaty Investment, ZT Global Energy and Orient Champion held 6,369,372 Shares, 6,369,372 Shares and 8,917,116 Shares, each representing 1.24%, 1.24% and 1.73% of the issued Shares.

- (5) The Core Trust Company Limited serves as the trustee of the 2020 ESOP Platform. The 2020 ESOP Platform is wholly-owned by TCT (BVI) Limited, which is in turn wholly-owned by The Core Trust Company Limited.
- (6) Based on the information set out in the relevant disclosure made by the relevant substantial Shareholder(s), Hongtu Capital is owned as to 60% and 40% by Mr. LAI Hoi Man (賴海民) and Ms. CHAN See Ting (陳思廷), respectively,

Save as disclosed above, so far as the Directors or chief executive are aware, as at June 30, 2024, no person, other than the Directors and chief executive whose interests are set out in the section headed “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” had an interest or short position in the Shares or underlying Shares which would fall to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

INCENTIVE PLANS ADOPTED BY THE COMPANY

A. 2020 Share Incentive Plan

The 2020 Share Incentive Plan was originally adopted by the Board on January 22, 2020, amended and restated by the Board on October 18, 2021 and further amended and restated in its entirety on March 4, 2022. The terms of the 2020 Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of awards by our Company to subscribe for new Shares after the Listing. After Listing, no further awards or other type of awards would be granted pursuant to the 2020 Share Incentive Plan. All the Shares underlying the Awards granted under the 2020 Share Incentive Plan have been issued and allotted to the 2020 ESOP Platform for future exercise of the Awards. The following is a summary of the principal terms of the 2020 Share Incentive Plan.

OTHER INFORMATION

(a) Purpose

The purpose of the 2020 Share Incentive Plan is to enable the Company to attract and retain the best available personnel, to provide additional incentives to employees, Directors and consultants and to promote the success of the Company's business.

(b) Who May Join

Eligible participants (the "**Eligible Participants**") means (i) any person who is in the employment of the Group; (ii) a member of the Board or the board of directors of any affiliate of the Company; or (iii) any person who is engaged by the Group to render consulting or advisory services.

Subject to above classes, share options (the "**Options**") or restricted share units (the "**RSUs**") shall be granted to the grantee who is department manager, key technical staff of the Group; has made a significant contribution to the Company; or meet such other conditions as determined by Board, and restricted shares (the "**Restricted Shares**", together with the Options and the RSUs, the "**Awards**") or RSUs shall be granted to the grantee who is management personnel and has established labor/employment relationship with the Company or its subsidiaries before December 31, 2015 and the continuous service of the grantee is not terminated up to the date of the Award agreement; has made a significant contribution to the Company; is critical to the future development of the Company; or meet such other conditions as determined by Board.

(c) Shares Available for Issue

As of the date of this report, there is no Share available for issue under the 2020 Share Incentive Plan, as all the Shares underlying the Awards granted under the 2020 Share Incentive Plan have been issued and allotted to the 2020 ESOP Platform for future exercise of the Awards and no further options or other type of awards would be granted pursuant to the 2020 Share Incentive Plan after the Listing. The number of options and awards available for grant under the 2020 Share Incentive Plan as of the January 1, 2024 and June 30, 2024 was nil and nil, respectively.

(d) Maximum Number of Shares

The maximum number of Shares in respect of which Awards may be granted under the 2020 Share Incentive Plan is 53,095,764 Shares (as adjusted upon completion of the capitalization issue on the Listing Date and the repurchase of Shares from the 2023 ESOP Platform) (the "**2020 Scheme Limit**").

Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the 2020 Share Incentive Plan. Shares that actually have been issued under the 2020 Share Incentive Plan pursuant to an Award shall not be returned to the 2020 Share Incentive Plan and shall not become available for future issuance under the 2020 Share Incentive Plan, subject to the 2020 Share Incentive Plan. There is no service provider sub-limit adopted under the 2020 Share Incentive Plan. Subject to the 2020 Scheme Limit, the 2020 Share Incentive Plan contains no provision on the maximum entitlement of each Eligible Participant.

OTHER INFORMATION

(e) Exercise Period

The exercise period of the Awards granted under the 2020 Share Incentive Plan is ten years commencing from the date upon which the Awards are deemed to be granted and accepted pursuant to the terms of the 2020 Share Incentive Plan.

(f) Vesting Period

The Awards granted under the 2020 Share Incentive Plan shall vest in four years subject to the Listing. The Awards representing 25% of the Awards granted shall vest in equal, yearly installments at each anniversary date commencing from the vesting commencement date set forth in the notice of Award and the Award agreements. The vesting of the Awards is also subject to other vesting conditions, including the Grantee's provision of continuous service to the Company or its affiliates and the performance criteria to be satisfied by each of the Grantees set forth in their respective notice of Award and Award agreements. The performance criteria comprise a mixture of attaining satisfactory key performance indicators of the Company, the department of the Company and the individual Grantee, respectively.

(g) Exercise or Purchase Price

The exercise price of the Options and the purchase price of the RSUs shall be the price determined by the administrator as of the date of grant. There is no purchase price for the Restricted Shares. Subject to applicable laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the administrator.

There is no additional amount payable on application or acceptance of the Awards. There is no prescribed period within which payments or calls must or may be made or loans for such purposes must be repaid in respect of the Awards offered under the 2020 Share Incentive Plan.

(h) Term of Plan and Remaining Life

The 2020 Share Incentive Plan shall continue in effect for a term of ten (10) years after the date of adoption (being January 22, 2020), unless sooner terminated. The remaining life of the 2020 Share Incentive Plan was approximately five years and five months as of the date of this report.

OTHER INFORMATION

All the Awards available for granting under the 2020 Share Incentive Plan have been granted before the Listing and there are no further options or other type of awards available for grant pursuant to the 2020 Share Incentive Plan since the Listing. As at June 30, 2024, no other types of awards other than options had been granted under the 2020 Share Incentive Plan. Therefore, there is no award granted during the Reporting Period. During the Reporting Period, details of the movements in the Awards (all being Options) granted under the 2020 Share Incentive Plan are as follows.

Name of category of grantee	Date of grant ⁽¹⁾	Number of Shares underlying the relevant Options						Outstanding Options as at June 30, 2024	Vesting period	Exercise period of Options (approximate) ⁽³⁾	Exercise price of Options (US\$ per Share)
		Outstanding Options as at January 1, 2024	Vested during the Reporting Period	Exercised during the Reporting Period ⁽²⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Expired during the Reporting Period				
Directors											
Dr. LIU Liping (劉利平)	December 17, 2020,	3,273,852	Nil	Nil	Nil	Nil	Nil	3,273,852	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.14
	December 30, 2021,	1,636,926	409,231	Nil	Nil	Nil	Nil	1,636,926	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18
	April 1, 2023	5,094,186	1,273,547	Nil	Nil	Nil	Nil	5,094,186	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.47
Ms. YU Meng (于萌)	March 31, 2022	1,681,092	420,273	Nil	Nil	Nil	Nil	1,681,092	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18
	April 1, 2023	1,951,476	487,869	Nil	Nil	Nil	Nil	1,951,476	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33
Dr. ZHU Xun (朱迅)	December 30, 2021	1,044,756	261,189	Nil	Nil	Nil	Nil	1,044,756	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18
	April 1, 2023	292,152	73,038	Nil	Nil	Nil	Nil	292,152	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33
Mr. MA Lixiong (馬立雄)	December 30, 2021	431,592	Nil	Nil	Nil	Nil	Nil	431,592	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18
	April 1, 2023	3,094,992	773,748	Nil	Nil	Nil	Nil	3,094,992	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33
Subtotal		18,501,024	3,698,895	Nil	Nil	Nil	Nil	18,501,024			
Five highest paid individuals during the Reporting Period other than Directors, in aggregate											
	March 31, 2022	4,572,528	1,143,132	Nil	Nil	Nil	Nil	4,572,528	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18
	April 1, 2023	6,995,106	1,748,777	Nil	Nil	Nil	Nil	6,995,106	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33
	September 1, 2023	5,821,050	Nil	Nil	Nil	Nil	Nil	5,821,050	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33
Subtotal		17,388,684	2,891,909	Nil	Nil	Nil	Nil	17,388,684			
Other grantees, in aggregate											
	December 17, 2020	649,224	Nil	Nil	26,328	Nil	Nil	622,896	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.14
	January 1, 2021	410,358	Nil	Nil	Nil	Nil	Nil	410,358	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.14
	February 1, 2021	1,440,000	360,000	Nil	Nil	Nil	Nil	1,440,000	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.14
	March 1, 2021	388,650	97,162	Nil	Nil	Nil	Nil	388,650	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.14
	December 30, 2021	1,301,574	525,124	Nil	Nil	Nil	Nil	1,301,574	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18
	March 31, 2022	4,115,388	2,061,843	Nil	Nil	Nil	Nil	4,115,388	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.18 – 0.29
	April 1, 2023	6,822,942	3,355,233	Nil	397,134 ⁽⁶⁾	Nil	Nil	6,425,808	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33 – 0.47
	September 1, 2023	2,077,920	Nil	Nil	1,362,000	Nil	Nil	715,920	Four years ⁽⁴⁾	Ten years ⁽⁵⁾	0.33
Subtotal		17,206,056	6,399,362	Nil	1,785,462	Nil	Nil	15,420,594			
Total		53,095,764	12,990,166	Nil	1,785,462	Nil	Nil	51,310,302			

OTHER INFORMATION

Notes:

- (1) The fair value of the Options granted during the Reporting Period under Rule 17.07(1)(c)(v) of the Listing Rules is not applicable as no Option was granted during the Reporting Period.
- (2) The weighted average closing price of the Shares immediately before the date on which the Options were exercised under Rule 17.07(1)(d) of the Listing Rules is not applicable as no Option was exercised during the Reporting Period.
- (3) The exercise price has been adjusted by the capitalization issue on the Listing Date.
- (4) The Awards shall vest in four years subject to the Listing. The Awards representing 25% of the Awards granted shall vest in equal, yearly installments at each anniversary date commencing from the vesting commencement date set forth in the notice of Award and the Award agreements. The vesting of the Awards that become ready to be vested according to their respective designated vesting schedule in the notice of Award on a date prior to the Listing will be deferred and only effected on the Listing Date. The vesting of the Awards is also subject to other vesting conditions, including the Grantee's provision of continuous service to the Company or its affiliates and the performance criteria to be satisfied by each of the Grantees set forth in their respective notice of Award and Award agreements. The performance criteria comprise a mixture of attaining satisfactory key performance indicators of the Company, the department of the Company and the individual Grantee, respectively.
- (5) The exercise period of the Awards granted under the 2020 Share Incentive Plan is ten years commencing from the date upon which the Awards are deemed to be granted and accepted pursuant to the terms of the 2020 Share Incentive Plan.
- (6) The exercise price (as adjusted by the capitalization issue on the Listing Date) of such cancelled Options is approximately US\$0.33 per Share.
- (7) Save for those set out in this movement table, there are no grants of awards to (i) Directors, (ii) five highest paid individuals during the Reporting Period, or (iii) other grantees under the 2020 Share Incentive Plan.

B. 2023 Share Incentive Plan

The 2023 Share Incentive Plan was adopted by the Board on May 24, 2023. The terms of the 2023 Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of awards by our Company to subscribe for new Shares after Listing. After the Listing, no further awards would be granted pursuant to this 2023 Share Incentive Plan. All the Shares underlying the Awards granted under the 2023 Share Incentive Plan have been issued and allotted to the 2023 ESOP Platform for future exercise of the Awards.

(a) Purpose

The purpose of the 2023 Share Incentive Plan is to enable the Company to attract and retain the best available personnel, to provide additional incentives to employees, Directors and consultants and to promote the success of the Company's business.

(b) Who May Join

Eligible participants means any person belonging to (i) any person who is in the employment of the Group; (ii) a member of the Board or the board of directors of any affiliate of the Company; or (iii) any person who is engaged by the Group to render consulting or advisory services.

Subject to above classes, Options or RSUs shall be granted to the grantee who is department manager, key technical staff of the Group; has made a significant contribution to the Company; or meet such other conditions as determined by Board.

Restricted Shares, together with the Awards or RSUs shall be granted to the grantee who is management personnel and has established labor/employment relationship with the Company or its subsidiaries before December 31, 2015 and the continuous service of the grantee is not terminated up to the date of the Award agreement; has made a significant contribution to the Company; or meet such other conditions as determined by Board.

OTHER INFORMATION

(c) Shares Available for Issue

As of the date of this report, there is no Share available for issue under the 2023 Share Incentive Plan, as all the Shares underlying the Awards under the 2023 Share Incentive Plan have been issued and allotted to the 2023 ESOP Platform and no further options or other type of awards would be granted pursuant to the 2023 Share Incentive Plan after the Listing. The number of options and awards available for grant under the 2023 Share Incentive Plan as of January 1, 2024 and June 30, 2024 was nil and nil, respectively.

(d) Maximum Number of Shares

The maximum number of Shares in respect of which Awards may be granted under the 2023 Share Incentive Plan is 9,600,000 Shares (as adjusted upon completion of the capitalization issue on the Listing Date and the repurchase of Shares from the 2023 ESOP Platform) (the “**2023 Scheme Limit**”).

Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the 2023 Share Incentive Plan. Shares that actually have been issued under the 2023 Share Incentive Plan pursuant to an Award shall not be returned to the 2023 Share Incentive Plan and shall not become available for future issuance under the 2023 Share Incentive Plan, subject to the 2023 Share Incentive Plan. There is no service provider sub-limit adopted under the 2023 Share Incentive Plan. Subject to the 2023 Scheme Limit, the 2023 Share Incentive Plan contains no provision on the maximum entitlement of each Eligible Participant.

(e) Exercise Period

The exercise period of the Awards granted is ten years commencing from the date upon which the Awards are deemed to be granted and accepted pursuant to the terms of the 2023 Share Incentive Plan.

(f) Vesting Period

The Awards representing 25% of the Awards granted shall vest in equal, yearly installments at each of the first anniversary date, the second anniversary date, the third anniversary date and the fourth anniversary date commencing from the Listing Date. The vesting of the Awards is also subject to other vesting conditions, including the Grantee’s provision of continuous service to the Company or its affiliates and the performance criteria to be satisfied by each of the Grantees set forth in their respective notice of Award and Award agreements. The performance criteria comprise a mixture of attaining satisfactory key performance indicators of the Company, the department of the Company and the individual Grantee, respectively.

(g) Exercise or Purchase Price

The exercise price of the Options and the purchase price of the RSUs shall be the price determined by the administrator as of the date of grant. There is no purchase price for the Restricted Shares. Subject to applicable laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the administrator.

There is no additional amount payable on application or acceptance of the Awards. There is no prescribed period within which payments or calls must or may be made or loans for such purposes must be repaid in respect of the Awards offered under the 2023 Share Incentive Plan.

OTHER INFORMATION

(h) Term of Plan and Remaining life

The 2023 Share Incentive Plan shall continue in effect after the date of adoption, until the earlier to occur: (i) early termination by the administrator; or (ii) the tenth anniversary after the effective date (being May 24, 2023). The remaining life of the 2023 Share Incentive Plan was approximately eight years and nine months as of the date of this report.

All the Awards available for granting under the 2023 Share Incentive Plan have been granted before the Listing and there are no further options or other type of awards available for grant pursuant to the 2023 Share Incentive Plan since the Listing. As at June 30, 2024, no other types of awards other than options had been granted under the 2023 Share Incentive Plan. Therefore, there is no award granted from the Reporting Period. During the Reporting Period, details of the movements in the Awards (all being Options) granted under the 2023 Share Incentive Plan are as follows.

Name of category of grantee	Date of grant ⁽¹⁾	Number of Shares underlying the relevant Options						Outstanding Options as at June 30, 2024	Vesting period	Exercise period of Options (approximate) ⁽⁵⁾	Exercise price of Options (US\$ per Share)
		Outstanding Options as at January 1, 2024	Vested during the Reporting Period	Exercised during the Reporting Period ⁽²⁾	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Expired during the Reporting Period				
Directors											
Ms. YU Meng (于萌)	September 1, 2023	2,400,000	Nil	Nil	Nil	Nil	Nil	2,400,000	Four years ⁽³⁾	Ten years ⁽⁴⁾	0.33
Mr. MA Lixiong (馬立雄)	September 1, 2023	2,400,000	Nil	Nil	Nil	Nil	Nil	2,400,000	Four years ⁽³⁾	Ten years ⁽⁴⁾	0.33
Subtotal		4,800,000	Nil	Nil	Nil	Nil	Nil	4,800,000			
Other grantees, in aggregate											
Other grantees in aggregate	September 1, 2023	4,800,000	Nil	Nil	Nil	Nil	Nil	4,800,000	Four years ⁽³⁾	Ten years ⁽⁴⁾	0.33
Subtotal		4,800,000	Nil	Nil	Nil	Nil	Nil	4,800,000			
Total		9,600,000	Nil	Nil	Nil	Nil	Nil	9,600,000			

OTHER INFORMATION

Notes:

- (1) The fair value of the Options granted during the Reporting Period under Rule 17.07(1)(c)(v) of the Listing Rules is not applicable as no Option was granted during the Reporting Period.
- (2) The weighted average closing price of the Shares immediately before the date on which the Options were exercised under Rule 17.07(1)(d) of the Listing Rules is not applicable as no Option was exercised during the Reporting Period.
- (3) The Awards representing 25% of the Awards granted shall vest in equal, yearly installments at each of the first anniversary date, the second anniversary date, the third anniversary date and the fourth anniversary date commencing from the Listing Date. The vesting of the Awards is also subject to other vesting conditions, including the Grantee's provision of continuous service to the Company or its affiliates and the performance criteria to be satisfied by each of the Grantees set forth in their respective notice of Award and Award agreements. The performance criteria comprise a mixture of attaining satisfactory key performance indicators of the Company, the department of the Company and the individual Grantee, respectively.
- (4) The exercise period of the Awards granted under the 2023 Share Incentive Plan is ten years commencing from the date upon which the Awards are deemed to be granted and accepted pursuant to the terms of the 2023 Share Incentive Plan.
- (5) The exercise price has been adjusted by the capitalization issue on the Listing Date.
- (6) Save for those set out in this movement table, there are no grants of awards to (i) Directors, (ii) five highest paid individuals during the Reporting Period or (iii) other grantees under the 2023 Share Incentive Plan.
- (7) The Remuneration Committee was established with effect from the Listing Date, while all the grants under the 2023 Share Incentive Plan were made before the Listing Date. As such, no grant was made under the 2023 Share Incentive Plan which requires review by the Remuneration Committee for the Reporting Period.

C. Disclosure under Rule 17.07(3) of the Listing Rules

Given that all the Shares underlying the outstanding Awards granted under the 2020 Share Incentive Plan and 2023 Share Incentive Plan have been allotted and issued to the 2020 ESOP Platform and the 2023 ESOP Platform, respectively, no further Share may be issued by the Company in respect of any Awards granted under all the share schemes of the Company during the six months ended June 30, 2024. As such, the disclosure requirement under Rule 17.07(3) of the Listing Rules is not applicable.

INDEPENDENT REVIEW REPORT

To the board of directors of HighTide Therapeutics, Inc.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 47, which comprises the condensed consolidated statement of financial position of HighTide Therapeutics, Inc. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants

Hong Kong

28 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Other income and gains	5	38,273	22,722
Fair value losses on convertible redeemable preferred shares	6	–	(399,635)
Other expenses	5	(171)	(502)
Research and development costs		(201,974)	(120,088)
Administrative expenses		(46,054)	(52,014)
Finance costs		(481)	(201)
LOSS BEFORE TAX	6	(210,407)	(549,718)
Income tax expenses	7	(538)	(26)
LOSS FOR THE PERIOD		(210,945)	(549,744)
Attributable to:			
Owners of the parent		(210,945)	(549,744)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted For loss for the period (RMB per share)		(0.47)	(2.16)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
LOSS FOR THE PERIOD	(210,945)	(549,744)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of subsidiaries	(1,317)	(8,896)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the Company	4,114	(27,703)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	2,797	(36,599)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(208,148)	(586,343)
Attributable to:		
Owners of the parent	(208,148)	(586,343)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,729	2,410
Right-of-use assets		21,671	12,571
Other non-current assets		3,997	1,302
Total non-current assets		27,397	16,283
CURRENT ASSETS			
Prepayments, other receivables and other assets		30,934	43,052
Financial assets at fair value through profit or loss ("FVTPL")	11	171,046	127,489
Cash and bank balances		392,395	608,212
Total current assets		594,375	778,753
CURRENT LIABILITIES			
Trade payables	12	38,747	30,507
Other payables and accruals		10,865	43,336
Interest-bearing bank borrowings		–	3,500
Lease liabilities		5,009	2,468
Total current liabilities		54,621	79,811
NET CURRENT ASSETS		539,754	698,942
TOTAL ASSETS LESS CURRENT ASSETS		567,151	715,225
NON-CURRENT LIABILITIES			
Lease liabilities		18,100	10,464
Deferred income		389	1,987
Total non-current liabilities		18,489	12,451
Net assets		548,662	702,774
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	364	364
Treasury shares		(44)	(44)
Reserves		548,342	702,454
Total equity		548,662	702,774

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Attributable to owners of the parent

	Share capital RMB'000	Treasury shares RMB'000	Premium on ordinary shares* RMB'000	Share option reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 31 December 2023 (audited)	364	(44)	2,315,599	126,526	(43,360)	(1,696,311)	702,774
Loss for the period	-	-	-	-	-	(210,945)	(210,945)
Other comprehensive income for the period	-	-	-	-	2,797	-	2,797
Total comprehensive income/(loss) for the period	-	-	-	-	2,797	(210,945)	(208,148)
Equity-settled share option arrangements	-	-	-	54,036	-	-	54,036
At 30 June 2024 (unaudited)	364	(44)	2,315,599	180,562	(40,563)	(1,907,256)	548,662

Attributable to owners of the parent

	Share capital RMB'000	Treasury shares RMB'000	Premium on ordinary shares* RMB'000	Premium on Series A convertible preferred shares* RMB'000	Premium on Series B1 and B2 convertible preferred shares* RMB'000	Share option reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	36	(6)	30,612	96,401	156,319	33,033	(29,918)	(757,005)	(470,528)
Loss for the period	-	-	-	-	-	-	-	(549,744)	(549,744)
Other comprehensive loss for the period	-	-	-	-	-	-	(36,599)	-	(36,599)
Total comprehensive loss for the period	-	-	-	-	-	-	(36,599)	(549,744)	(586,343)
Consolidation of special purpose vehicles for the share-based payment plan	3	(3)	-	-	-	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	28,445	-	-	28,445
At 30 June 2023 (audited)	39	(9)	30,612	96,401	156,319	61,478	(66,517)	(1,306,749)	(1,028,426)

* These reserve accounts comprise the consolidated reserves of RMB548,342,000 and consolidated deficits of RMB1,028,456,000 in the consolidated statements of financial position as at 30 June 2024 and 30 June 2023, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(210,407)	(549,718)
Adjustments for:			
Finance costs		481	201
Depreciation of property, plant and equipment		438	189
Depreciation of right-of-use assets		2,447	628
Equity-settled share option arrangements		54,036	28,445
Bank interest income	5	(2,465)	(696)
Investment income from short-term time deposits	5	(7,961)	(12,931)
Fair value gain on financial assets at FVTPL	5	(137)	–
Fair value losses on convertible redeemable preferred shares		–	399,635
Amortisation of government grants income		(1,598)	(2,741)
Other investment income from financial assets at FVTPL	5	(420)	(120)
Loss on disposal of items of property, plant and equipment	5	171	–
Foreign exchange differences, net	5	(3,047)	502
Operating loss before changes in working capital		(168,462)	(136,606)
Decrease/(increase) in prepayments, other receivables and other assets		12,119	(8,420)
Increase in other non-current assets		(2,694)	(192)
Decrease in other payables and accruals		(32,118)	(6,312)
Increase in trade payables		8,240	8,053
Decrease in deferred income		–	(326)
Cash used in operations		(182,915)	(143,803)
Income tax paid		(592)	(105)
Net cash flows used in operating activities		(183,507)	(143,908)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		123	–
Purchases of items of property, plant and equipment	10	(51)	(72)
Purchase of short-term time deposits		–	(38,200)
Purchase of bank deposits over three months		(100,202)	(166,557)
Purchase of financial assets at FVTPL		(42,891)	(24,200)
Bank interest received		2,465	696
Receipts of investment income from short-term time deposits		7,961	12,931
Proceeds from disposal of short-term time deposits		–	462,116
Proceeds from disposal of financial assets at FVTPL		–	24,200
Receipts of investment income from financial assets at FVTPL	5	420	120
Net cash flows (used in)/from investing activities		(132,175)	271,034
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		–	5,000
Repayment of bank loans		(3,500)	(5,150)
Principal portion of lease payments		(1,828)	(502)
Bank loan interest paid		(23)	(137)
Listing expenses paid		(299)	(1,157)
Net cash flows used in financing activities		(5,650)	(1,946)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(321,332)	125,180
Cash and cash equivalents at beginning of period		608,212	273,047
Effect of foreign exchange rate changes, net		5,313	19,671
CASH AND CASH EQUIVALENTS AT END OF PERIOD		292,193	417,898
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		392,395	732,920
Bank deposits over three months		(100,202)	(170,498)
Restricted cash		–	(144,524)
Cash and cash equivalents as stated in the consolidated statements of cash flows		292,193	417,898

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

HighTide Therapeutics, Inc. was established in the Cayman Islands on 28 February 2018 by Great Mantra Group Limited and its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the reporting periods, the Company and its subsidiaries were involved in the research and development of pharmaceutical products.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

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

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

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

4. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

During the reporting period, since almost all of the Group's non-current assets were located in Chinese Mainland, no geographical segment information in accordance with IFRS 8 Operating Segments is presented.

Information about major customers

No revenue was derived during the six months ended 30 June 2024 and 2023. Therefore, no information about major customer is presented.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

5. OTHER INCOME AND GAINS, AND OTHER EXPENSES

An analysis of other income and gains, and other expenses is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Other income and gains		
Government grants related to expense items*	23,938	8,875
Government grants related to assets**	98	67
Bank interest income	2,465	696
Investment income from short-term time deposits	7,961	12,931
Other investment income from financial assets at FVTPL	420	120
Foreign exchange gains, net	3,047	–
Fair value gain on financial assets at FVTPL	137	–
Others	207	33
	38,273	22,722
Other expenses		
Foreign exchange losses, net	–	(502)
Loss on disposal of items of property, plant and equipment	(171)	–
	(171)	(502)

* Government grants related to expense items mainly represent subsidies received from local governments for the purpose of compensation of expenses for research and clinical trial activities, allowance for new drug development and talent funds. The main grantor is the Development and Reform Commission of Shenzhen Municipality. Government grants received for which related expenses have not yet been incurred are included in deferred income in the statements of financial position.

** Grants related to assets are credited to deferred income and released to the consolidated statements of profit or loss in equal annual instalments over the estimated useful lives of the related assets.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

6. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Depreciation of property, plant and equipment		438	189
Depreciation of right-of-use assets		2,447	628
Listing expenses		–	16,315
Other professional service fees*		8,905	14,553
Lease payments not included in the measurement of lease liabilities		922	835
Foreign exchange differences, net	5	(3,047)	502
Losses on disposal of items of property, plant and equipment	5	171	–
Auditor's remuneration		700	–
Other investment income from financial assets at FVTPL	5	(420)	(120)
Fair value (gain)/losses:			
Fair value gain on financial assets at FVTPL	5	(137)	–
Fair value losses on convertible redeemable preferred shares	5	–	399,635
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		22,881	23,897
Pension scheme contributions (defined contribution scheme), social welfare and other welfare		3,212	2,793
Equity-settled share option expense		36,477	18,622
		62,570	45,312

* Other professional service fees mainly consisted of business consulting fees and other service fees paid to third-party professional service providers.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

7. INCOME TAX

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

Cayman Islands

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

British Virgin Islands

Under the current laws of the British Virgin Islands (“**BVI**”), the subsidiary incorporated in the BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends by the subsidiary to its shareholders, no BVI withholding tax is imposed.

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Chinese Mainland

No provision for Chinese Mainland income tax pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “**CIT Law**”) has been made as the Group’s subsidiaries which operate in Chinese Mainland are in loss position and have no estimated taxable profits.

Shenzhen HighTide was approved as a high technology enterprise under the relevant tax rules and regulations in December 2022 and Shenzhen HighTide is entitled a preferential income tax rate of 15% from 2022 to 2024.

JSK Consumer Healthcare Ltd, Shanghai HighTide Biopharmaceutical Ltd., Shanghai Fusion Therapeutics Inc., Hebei Puhui Pharmaceutical Co., Ltd and Nanchang Fusion Therapeutics Inc. have met the requirement under the relevant tax rules and regulations for small and low-profit enterprises, and accordingly, were subject to a reduced preferential CIT rate of 20%, and annual taxable income was entitled to be included in the actual taxable income at reduced rates of 25% during the period (2023: 25%).

Australia

The subsidiary incorporated in Australia was subject to income tax at the rate of 25% on the estimated assessable profits arising in Australia during the period.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

7. INCOME TAX (Continued)

USA

The subsidiary incorporated in Maryland, the USA is subject to statutory United States federal corporate income tax at a rate of 21%. In addition, it is also subject to the state income tax in Maryland at a rate of 8.25% during the period. Other states including California, Florida and New Jersey also impose state income tax on the subsidiary to the extent that a sufficient nexus, or taxable connection, exists between the subsidiary and the respective states. The subsidiary was subject to the states income tax in California at a rate of 8.84%, in Florida at a rate of 5.50% and in New Jersey at a rate of 7.50% during the period.

The income tax expense of the Group during the period is analysed as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Current tax:		
Charge for the period	162	26
Adjustments in respect of current tax of previous periods	376	–
Total tax expense for the period	538	26

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

8. DIVIDENDS

No dividend was paid or declared by the Company during the reporting periods.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 452,074,904 (30 June 2023: 254,825,232) in issue (excluding shares reserved for share incentive scheme) during the year.

In the calculation of the weighted average number of ordinary shares outstanding for the period ended 30 June 2023, the shares issued to existing shareholders before public offering through the Capitalisation Issue had been adjusted retrospectively as if those shares have been issued since 1 January 2023.

No adjustment was made to the basic loss per share amounts presented for the periods ended 30 June 2024 and 2023 in respect of a dilution as the impact of the convertible redeemable preferred shares and share-based payment had an anti-dilutive effect on the basic loss per share amounts presented.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation:		
– Ordinary shares	(210,945)	(407,737)
– Series A convertible preferred shares	–	(81,547)
– Series B1 convertible preferred shares	–	(35,726)
– Series B2 convertible preferred shares	–	(24,734)
	(210,945)	(549,744)
Shares		
Weighted average number of participating equity instruments in issue during the period used in the basic loss per share calculation		
– Ordinary shares	452,074,904	189,000,000
– Series A convertible preferred shares	–	37,800,000
– Series B1 convertible preferred shares	–	16,560,366
– Series B2 convertible preferred shares	–	11,464,866
	452,074,904	254,825,232
Loss per share (basic and diluted) (RMB per share)	(0.47)	(2.16)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB 51,000 (30 June 2023: RMB72,000).

Assets with a net book value of RMB294,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: Nil), resulting in a net loss on disposal of RMB171,000 (30 June 2023: Nil).

No impairment loss was recognized during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

11. FINANCIAL ASSETS AT FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Listed equity investments, at fair value	129,063	127,489
Treasury bills and money market funds	41,983	–
	171,046	127,489

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading. The above equity investments were purchased through two structured entities, Apollo Multi-Asset Growth Fund and Chaine Capital Fund LP (together the “Funds”), that the Group invested with initial capital contribution of USD12,500,000 and USD12,500,000 respectively. The Group consolidated the Funds considering it holds 100% equity interests in them.

12. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	38,747	30,507

The trade payables are non-interest-bearing and are normally settled within one month after the receipt of the invoice.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

13. SHARE CAPITAL

Issued and fully paid as at 30 June 2024 and 31 December 2023:

	Issued share capital		
	Number of shares in issue	Share capital USD'000 (Unaudited)	RMB equivalent RMB'000 (Unaudited)
Issued and fully paid:			
Ordinary shares of USD0.0001 each	514,770,668	51	364

14. COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Property, plant and equipment	1,776	2,645

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Short term employee benefits	8,069	7,254
Equity-settled share option arrangements	45,220	19,324
Total compensation paid to key management personnel	53,289	26,578

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair value	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Financial assets				
Financial assets at FVTPL	171,046	127,489	171,046	127,489

Management has assessed that the fair values of cash and bank balances, financial assets included in prepayments and other receivables, trade payables, interest-bearing bank borrowings, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

The Group has investments in listed equities not quoted in an active markets which fair values are determined on recent transaction valuations and comparable company multipliers. The Group classifies the fair values of these investments as Level 2.

The fair values of investments in treasury bills and money market funds are based on quoted market prices.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets				
Financial assets at FVTPL	18,032	153,014	–	171,046

As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets				
Financial assets at FVTPL	–	127,489	–	127,489

17. EVENTS AFTER THE REPORTING PERIODS

There were no significant events after the end of the reporting periods that require additional disclosure or adjustments.

DEFINITIONS

In this report, the following expressions have the meanings set out below unless the context requires otherwise.

“2020 ESOP Platform”	Wisdom Spring Group Limited
“2020 Share Incentive Plan”	the employee long term incentive plan originally adopted by our Company on January 22, 2020, amended and restated on October 18, 2021 and further amended and restated in its entirety on March 4, 2022
“2023 ESOP Platform”	Wisdom Summer Group Limited
“2023 Share Incentive Plan”	the employee long term incentive plan adopted by our Company on May 24, 2023
“AH”	alcoholic hepatitis, a type of alcohol-associated liver disease characterized by acute liver inflammation
“AIC Group”	refers to Dr. Liu, the Founder BVI, Greaty Investment, ZT Global Energy and Orient Champion
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“China”, “Mainland China” or “PRC”	People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“cholestatic liver disease”	a disease characterized by a decrease or blockage in the flow of bile, including primary sclerosing cholangitis and primary biliary cholangitis
“clinical trial/study”	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	HighTide Therapeutics, Inc., a company incorporated under the laws of the Cayman Islands with limited liability on February 28, 2018
“Core Product”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this report, our Core Product refers to HTD1801
“Corporate Governance Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules

DEFINITIONS

“CRO”	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
“CVDs”	cardiovascular diseases, conditions affecting the heart or blood vessels
“diabetes”	a complex, chronic metabolic disease characterized by elevated levels of blood glucose, which leads over time to serious damage to the heart, blood vessels, eyes, kidneys, nerves and other organs, comprised of two categories including type 1 diabetes mellitus and type 2 diabetes mellitus
“digestive diseases”	health conditions associated with the digestive system
“Director(s)” or “our Director(s)”	the director(s) of our Company, including all executive, non-executive and independent non-executive Directors
“Dr. Liu”	Dr. LIU Liping (劉利平), the founder, executive Director and chief executive officer of our Company
“Family Trust”	The ABLE XL FAMILY TRUST 2020, an irrevocable discretionary trust settled by Dr. Liu as the settlor pursuant to a trust deed dated December 31, 2020 under the laws of the State of Delaware for her succession planning, and pursuant to the aforesaid trust deed, the beneficiary is any one or more of Dr. Liu’s children and more remote issue
“FDA”	the United States Food and Drug Administration
“Founder BVI”	GREAT MANTRA GROUP LIMITED, a limited company incorporated in the BVI on November 24, 2017, one of the members of the AIC Group and wholly-owned by the Family Trust
“FTD”	fast track designation, a designation granted by the FDA of a drug for expedited review to facilitate the development of drugs which treat serious or life-threatening condition or fill an unmet medical need
“Group” or “our Group”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hepalink”	Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (深圳市海普瑞藥業集團股份有限公司), a joint stock limited company incorporated under the laws of the PRC, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 002399) and H Shares are listed on the Stock Exchange (stock code: 9989)

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBD”	inflammatory bowel disease, a group of inflammatory conditions of the colon and small intestine, comprised of two major categories including Crohn’s disease (a type of inflammatory bowel disease which can affect any part of the gastrointestinal tract) and ulcerative colitis
“Listing”	the listing of our Shares on the Main Board
“Listing Date”	December 22, 2023, the date on which dealings in the Shares first commence on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MASH”	metabolic dysfunction-associated steatohepatitis (formerly known as nonalcoholic steatohepatitis or NASH), an advanced form of MASLD
“MASLD”	metabolic dysfunction-associated steatotic liver disease (formerly known as nonalcoholic fatty liver disease or NAFLD), characterized by the excessive fat accumulation in the liver. At EASL Congress 2023, the multinational liver societies leaders from La Asociación Latinoamericana para el Estudio del Hígado (ALEH), American Association for the Study of Liver Diseases (AASLD), and European Association for the Study of the Liver (EASL) as well as the co-chairs of the MASLD Nomenclature Initiative announced that steatotic liver disease (SLD) was chosen as an overarching term to encompass the various aetiologies of steatosis
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“MRI-PDFF”	magnetic resonance imaging-derived proton density fat fraction, a noninvasive, quantitative, and accurate measure of liver fat content
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) from 2013 to 2018 and the State Food and Drug Administration (國家食品藥品監督管理局) from 2003 to 2013

DEFINITIONS

“obesity”	abnormal or excessive fat accumulation in the body; defined as an individual having a body mass index over 30 kg/m ² or more
“ODD”	orphan drug designation, a designation granted by the FDA to a drug or biological product which prevents, diagnoses or treats a rare disease or condition, qualifying the sponsors for certain incentives
“Phase I clinical trial”	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its efficacy
“Phase II clinical trial”	a study in which a drug is administered to a limited patient population to preliminarily evaluate the efficacy of the product for specific targeted diseases, to identify possible adverse effects and safety risks, and to determine optimal dosage
“placebo”	a medical treatment or preparation with no specific pharmacological activity
“pre-diabetes”	a condition characterized by elevated blood sugar levels that fall below the threshold to diagnose diabetes
“primary endpoint”	the specific key measurement upon which a clinical study is designed to assess the effect of the drugs being investigated
“Prospectus”	the prospectus of the Company dated December 14, 2023
“PSC”	primary sclerosing cholangitis, a life-threatening, multifactorial and rare liver disease characterized by hepatic inflammation, scarring and abnormal liver damage
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended June 30, 2024
“RMB”	the lawful currency of the PRC
“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 our Share(s)
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each

DEFINITIONS

“SHTG”	severe hypertriglyceridemia, SHTG is the presence of high levels of triglycerides, a type of fat, in the blood. SHTG is well known to be associated with other complex and serious disorders such as acute pancreatitis and CVDs
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
“subsidiary(ies)”	has the meaning ascribed to it in Section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“T2DM”	type 2 diabetes mellitus, a form of diabetes characterized by high blood sugar, insulin resistance and relative lack of insulin
“TG”	triglycerides, the main constituents of body fat in humans
“US\$”	United States dollars, the lawful currency of the United States
“we”, “us” or “our”	the Company or the Group, as the context requires