CANbridge
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CANbridge Pharmaceuticals Inc.
北海康成製藥有限公司

(於開曼群島註冊成立的有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : **1228**

2024 Interim Report

CONTENTS

Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"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
"CANbridge", "Group", "our Group", "our", "we" or "us"	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"CANbridge Life Sciences"	CANbridge Life Sciences Ltd. (北海康成(北京)醫藥科技限公司), a limited liability company established under the laws of the PRC on June 12, 2012 and one of our Company's subsidiaries
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chief Executive Officer"	chief executive officer of our Company
"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
"Company" or "Our Company"	CANbridge Pharmaceuticals Inc. (北海康成製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
"Director(s)"	the directors of the Company
"Dr. Xue"	Dr. James Qun Xue, the founder, Chairman of the Board, executive Director and Chief Executive Officer of our Company

Definitions

"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"Global Offering"	the Hong Kong public offering and the international offering of the Shares as described in the Prospectus
"HKD" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	December 10, 2021
"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"NMPA"	the National Medical Products Administration of China(國家藥品監督管理局)
"Nomination and Corporate Governance Committee"	the nomination and corporate governance committee of the Board
"Post-IPO RSU Scheme"	the RSU scheme adopted by our Company on November 18, 2021 and amended on June 27, 2024
"Post-IPO Share Option Scheme"	the share option scheme adopted by our Company on November 18, 2021 and amended on June 27, 2024
"Pre-IPO Equity Incentive Plan" or "2019 Equity Incentive Plan"	the 2019 equity incentive plan adopted by our Company on July 25, 2019, as amended on June 11, 2021
"Prospectus"	the prospectus of the Company dated November 30, 2021
"Remuneration Committee"	the remuneration committee of the Board

Definitions

"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of China
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent

Certain amounts and percentage figures in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and charts may not be an arithmetic aggregation of the figures preceding them.

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. James Qun Xue
(Chairman and Chief Executive Officer)

Non-executive Directors

Mr. Edward Hu
Dr. Kan Chen *(resigned on September 2, 2024)*

Independent Non-executive Directors

Dr. Richard James Gregory
Mr. James Arthur Geraghty
Mr. Peng Kuan Chan
Dr. Lan Hu

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 18, 6th Floor, Building 21
No.388 Xinping Street
Suzhou Industrial Park
Suzhou
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room B01, 20/F
CITIC Tower
1 Tim Mei Avenue
Admiralty, Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Linklaters
11th Floor, Alexandra House
Chater Road
Hong Kong SAR
China

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

In Hong Kong:
CMB Wing Lung Bank Limited

In the PRC:
China Merchants Bank Shanghai Branch

JOINT COMPANY SECRETARIES

Ms. Qian Ma
Mr. Wai Chiu Wong

AUTHORIZED REPRESENTATIVES

Dr. James Qun Xue
Mr. Wai Chiu Wong

Corporate Information

AUDIT COMMITTEE

Mr. Peng Kuan Chan *(Chairperson)*
Mr. James Arthur Geraghty
Dr. Richard James Gregory
(became a member on September 2, 2024)
Dr. Kan Chen
(ceased to be a member on September 2, 2024)

REMUNERATION COMMITTEE

Dr. Richard James Gregory *(Chairperson)*
Dr. Lan Hu
Mr. Edward Hu

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. James Qun Xue *(Chairperson)*
Mr. James Arthur Geraghty
Dr. Richard James Gregory
Mr. Peng Kuan Chan

STOCK CODE

1228

AUDITOR

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

COMPANY WEBSITE

www.canbridgepharma.com

Business Highlights

The Group has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements:

Hunterase® (idursulfase beta, formerly known as CAN101), an enzyme replacement therapy (ERT) for the treatment of Mucopolysaccharidosis type II (MPS II), also known as Hunter syndrome. MPS II is number 73 in the "First National List of Rare Diseases" in China published in May 2018.

- CANbridge commercially launched Hunterase® in China in May 2021 in a non-reimbursed market. Patient identification has accelerated since launch, with 822 (757 as of March 31, 2024) patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 113 (103 as of March 31, 2024) cities, covering a population of 526 million (500 million as of March 31, 2024) in China.

Livmarli® (maralixibat oral solution, formerly known as CAN108), an oral, minimally absorbed, reversible inhibitor of the ileal bile acid transporter (IBAT) that is under development to treat rare cholestatic liver diseases including Alagille syndrome (ALGS) and progressive familial intrahepatic cholestasis (PFIC). CANbridge has the exclusive rights to develop, commercialize, and under certain conditions, manufacture Livmarli® in Greater China. ALGS is number 5 in the "Second National List of Rare Diseases" in China published in September 2023.

- CANbridge commercially launched Livmarli® in China in January 2024 in a non-reimbursed market. Patient identification has accelerated since launch, with 766 patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 15 cities, covering a population of 149 million in China.

- In May 2024, granted an expanded label by the NMPA. This approval extends the use of Livmarli® for the treatment of cholestatic pruritus in patients with ALGS to include those aged three months and older.

CAN103, an ERT for the treatment of Gaucher Disease (GD). GD is number 31 in the "First National List of Rare Diseases" in China published in May 2018.

- In July 2024, we announced that the last patient in CAN103 Phase 2 trial, in treatment-naïve patients aged 12 or above with GD Types I and III, has completed the last visit.

- In August 2024, we report positive topline data from CAN103 pivotal trial for GD in China.

- We expect to submit NDA in the fourth quarter of 2024.

Gene Therapy, a CANbridge-developed area of excellence, is a therapeutic modality that includes adeno-associated virus (AAV) as a gene delivery vehicle due to its potential to be a one-time, durable treatment for many genetic diseases. Fabry disease, Duchenne Muscular Dystrophy (DMD, the most common form of progressive muscular dystrophy), and spinal muscular atrophy (SMA) are number 27, 98 and 110, respectively, in the "First National List of Rare Diseases" in China published in May 2018.

- As of June 30, 2024, we have licensed a dual vector technology called "StitchR" from ScriptR Global for its application towards DMD. The StitchR technology enables delivery of larger gene payloads via two independent AAVs and is the basis for our DMD gene therapy program, which is currently in the research discovery stage. As of June 30, 2024, we have internally generated the proof-of-concept data for DMD pre-clinical studies.

Financial Highlights

- Our revenue increased by RMB1.7 million or 4.0%, from RMB43.1 million for the six months ended June 30, 2023 to RMB44.8 million for the six months ended June 30, 2024, which was primarily due to the ending of the transitional arrangement of Nerlynx® distribution in Hong Kong in the second half of 2023, as originally planned by the Company in 2021 for strategically focusing on rare disease. Excluding the Nerlynx® sales in Hong Kong, our revenue increased by RMB8.8 million, or 24.4% as compared with the same period in 2023, which was mainly attributable to the increase from sales of Livmarli®.

- Our research and development expenses increased by approximately RMB30.3 million or 21.2%, from RMB143.0 million for the six months ended June 30, 2023 to RMB173.3 million for the six months ended June 30, 2024. Such costs were mainly attributable to the ongoing potential registrational trial for CAN103.

- Our administrative expenses decreased by RMB12.5 million or 26.0%, from RMB48.2 million for the six months ended June 30, 2023 to RMB35.7 million for the six months ended June 30, 2024. Such decrease was primarily attributable to our efforts on the containment of employee costs and other administrative costs during the Reporting Period.

- Loss for the Reporting Period increased by approximately RMB29.1 million or 13.3%, from RMB218.2 million for the six months ended June 30, 2023 to RMB247.3 million for the six months ended June 30, 2024, which was primarily attributable to the increase of research and development expenses.

- The adjusted loss for the period increased by RMB38.1 million or 18.6%, from RMB204.4 million for the six months ended June 30, 2023, to RMB242.5 million for the six months ended June 30, 2024. The adjusted loss for the period was arrived at by adjusting the IFRS loss for the Reporting Period of RMB247.3 million (for the six months ended June 30, 2023: RMB218.2 million) through excluding the effect of share-based payment expenses. Please refer to the section headed “Non-IFRS Measures” in the Management Discussion and Analysis of this report for details.

Management Discussion and Analysis

OVERVIEW

Founded in 2012, CANbridge is a global biopharmaceutical company, with a foundation in China, committed to the research, development and commercialization of transformative therapies to treat rare diseases. As of June 30, 2024, we have a comprehensive pipeline of 12 active drug assets targeting prevalent rare diseases indications that have high unmet needs and significant market potential. The robust pipelines include four marketed products and three drug candidates at the late clinical stage. Given the continuously challenging reimbursement environment in mainland China, volatile capital markets, and limited biotech funding, CANbridge has further prioritized the key programs with significant development and regulatory milestones occurring in the coming year.

We are led by a management team with significant industry experience in rare diseases, spanning R&D, clinical development, regulatory affairs, business development and commercialization. As of June 30, 2024, we have streamlined the workforce to 93 full-time employees, of which 11 have a Ph.D. and/or M.D. degree, and more than 70% of our employees have prior experience working at multinational biopharmaceutical companies. As of mid-August 2024, we have further streamlined our workforce to 79 full-time employees to reduce operational costs. Our management team has a track record of successfully achieving approval and commercializing of rare disease therapies across the key markets, including China, the United States (U.S.), Europe, Latin America and Southeast Asia. We leverage this expertise to play an active role in advancing the rare disease industry and shaping the rare disease ecosystem in China. For example, our founder, Dr. Xue, Ph.D., is currently serving as the Deputy Director General of China's Alliance for Rare Disease (CHARD).

Since our inception in 2012, we have built a comprehensive portfolio of therapeutics, consisting of biologics, small molecules and gene therapies that target diseases with validated mechanisms of action. We will continue to prioritize and optimize our pipeline through out-licensing, partnerships and collaborations with academic institutions, as well as with in-house R&D.

In the rare disease area, we have seven biologic and small molecule product candidates. These include MPS II (Hunter syndrome) and other lysosomal storage disorders (LSDs), complement-mediated disorders, hemophilia A, metabolic disorders and rare cholestatic liver diseases including ALGS and PFIC. We received marketing approval for Hunterase® (CAN101) for the treatment of MPS II in mainland China in September 2020. We received marketing approval for Livmarli® for the treatment of ALGS from the NMPA in May 2023, from the Pharmacy & Poisons Board of Hong Kong in September 2023, and from Taiwan's TFDA in October 2023. We obtained the Investigational New Drug (IND) approval from the NMPA for a CAN106 study in PNH in July 2021; positive top-line CAN106 Phase 1 data for the single ascending dose study in Singapore was reported in February 2022; and a positive preliminary CAN106 Phase 1b data for a multiple ascending dose study in PNH patients in China was reported in June 2023. Results showed promising efficacy and safety with a dose-dependent reduction of LDH levels and an increase in hemoglobin levels that demonstrate clinically meaningful hemolysis inhibition and improvement in transfusion-dependent anemia. Furthermore, the first patient was dosed in a Phase 1 trial of CAN103 in GD in China in July 2022, and the first patient was dosed in a Phase 2 trial of GD in China in January 2023. Positive topline data from CAN103 pivotal trial for GD in China was reported in August 2024.

In addition to biologics and small molecules, we are investing in next-generation technology for gene therapy. Gene therapy provides a potentially one-time, durable treatment for rare genetic diseases with limited treatment options. As of June 30, 2024, we are using an AAV sL65 capsid vector for the development of treatments for Fabry disease and Pompe disease, which we licensed for these two indications from LogicBio Therapeutics. In January 2023, we announced that we exercised our option to secure the exclusive global rights to develop, manufacture and commercialize a novel second-generation gene therapy to treat SMA from UMass Chan Medical School. In addition, we have licensed a dual vector technology called "StitchR" from ScriptR Global for its application towards DMD. The StitchR technology enables delivery of larger gene payloads via two independent AAVs and is the basis for our DMD gene therapy program, which is currently in the research discovery stage. As of June 30, 2024, we have internally generated the proof-of-concept data for DMD pre-clinical studies.

Market opportunities in the rare disease industry

The global rare disease industry focuses on developing medicines for diseases affecting a small number of people. Rare diseases have unique characteristics that create an efficient market for therapeutic development. Most rare diseases are caused by genetic mutations that lead to a better understanding of the disease, increasing the chance of successful R&D. Sales efforts for rare disease drugs are more targeted due to the limited number of specialists and tertiary care hospitals treating these patients. A favorable regulatory environment, like the Orphan Drug Act and expedited approval pathways in the United States, helps to accelerate the development and commercialization of rare disease drugs.

The global rare disease drug market has grown rapidly since the enactment of the Orphan Drug Act in the United States in 1983. From USD109.0 billion in 2016, it reached USD135.1 billion in 2020 (at a CAGR of 5.5%). It is projected to reach USD383.3 billion by 2030, growing at a CAGR of 11.0% from 2020 to 2030. Rising awareness and healthcare expenditure have increased the demand for special treatments, positively impacting market growth. The U.S. and Europe are the largest rare disease markets globally.

The rare disease markets in developing countries are relatively underpenetrated, due to limited access to rare disease diagnosis and treatments.

The market size of rare disease drugs in China was approximately USD1.3 billion in 2020, significantly lower than in the U.S. and Europe. However, with a similar prevalence rate of rare diseases, the patient pool in China is potentially over four times greater than in the U.S. According to Frost & Sullivan, the rare disease drug market in China is expected to reach USD25.9 billion by 2030, at a CAGR of 34.5%, offering attractive commercial opportunities for pharmaceutical companies. Leading companies like Sanofi, AstraZeneca, and Roche have already launched products in China and other developing countries, recognizing their market potential. CANbridge is uniquely positioned to address the medical needs of global rare disease patients efficiently.

The rare disease industry in China is expected to benefit from various regulatory initiatives. China has simplified the rare disease treatment application process, streamlined the regulatory approval pathway by allowing the submission of clinical data from global trials, and is moving towards a more favorable reimbursement policy. In 2018, China released the First National List of Rare Diseases, encompassing 121 rare conditions. In 2023, the second edition of the list was unveiled, incorporating 86 additional rare diseases. With this latest update, China's rare disease catalog now encompasses a total of 207 rare conditions across both editions.

Gene therapy is emerging as a promising therapeutic approach for rare diseases, with approximately 80% of rare diseases being genetic disorders, according to Frost & Sullivan. These therapies can address the root cause of the disease and offer curative potential. Recent advancements in genetic engineering and viral vector development have led to several approved gene therapy products, such as Zolgensma® for SMA developed by Novartis and Elevidys® for DMD developed by Sarepta Therapeutics, Inc., validating their potential as a durable treatment for rare diseases.

On May 9, 2022, the NMPA issued the "Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (Revised Draft for Comment)." The draft proposes a market exclusivity period of up to 12 months for a first new pediatric drug and a market exclusivity period of up to seven years for new drugs addressing rare diseases, which provides the drug marketing license holders with continuous supply during this period.

Based on the two batches of national rare disease catalogs and the 2023 National Medical Insurance Drug Catalog, China has launched 165 rare disease drugs for 92 rare diseases, with 112 of them included in medical insurance, involving 64 rare diseases. From 2018 to 2022, 27 rare disease drugs (excluding new indications) were launched domestically, of which only 4 drugs were introduced or replicated by domestic companies. In 2023, a total of 45 rare disease drugs were approved for marketing domestically (excluding type 4 rare disease drugs for chemical drugs), of which 18 products were developed by Chinese companies, involving 13 rare diseases.[1]

The "Guiding Catalog for Industrial Structure Adjustment (2024 Edition)" released by the National Development and Reform Commission (NDRC) officially came into effect on February 1, 2024. Rare disease drugs, biocatalysts, and gene therapy drugs are included in the encouraged category of industries.

In March 2024, Premier Li Qiang, on behalf of the State Council, delivered the "Government Work Report" at the Second Session of the Fourteenth National People's Congress. Article ten of the report proposes "strengthening research, diagnosis, treatment services, and medication guarantee for rare diseases."

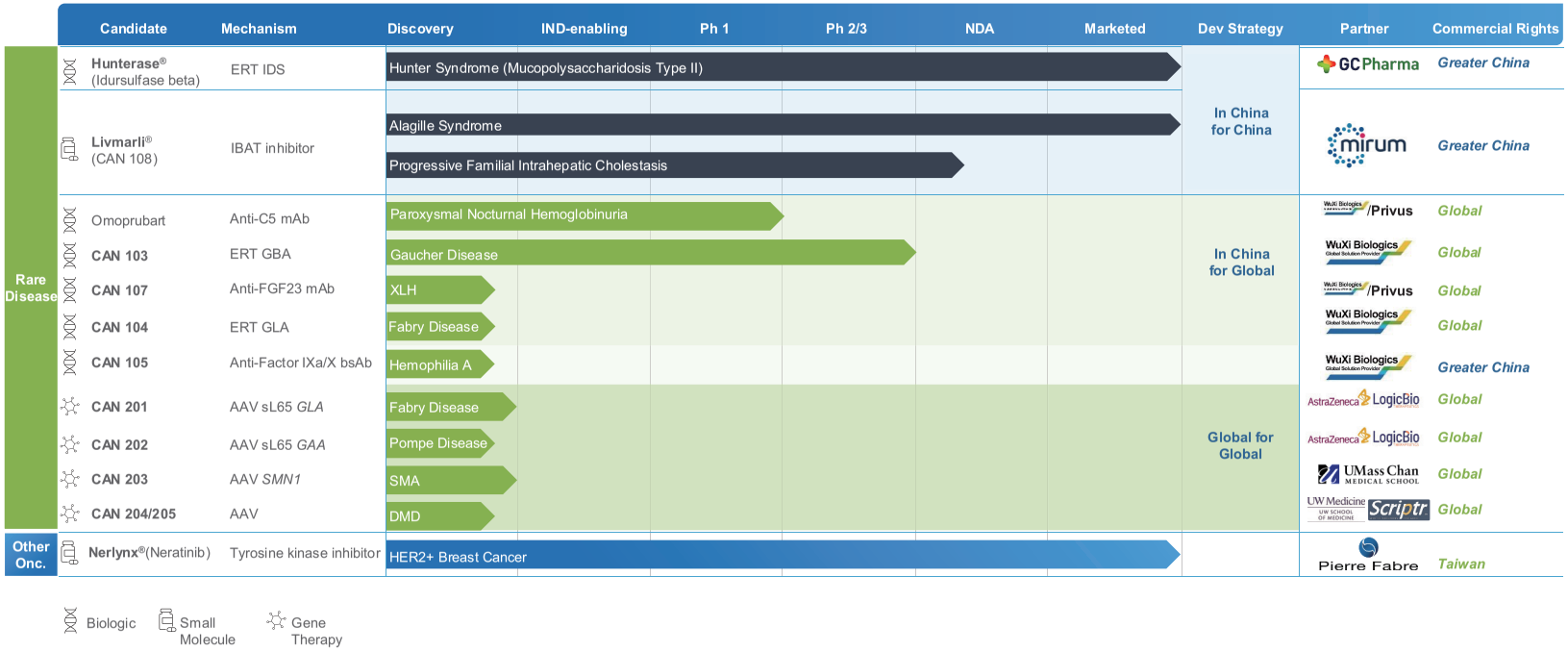
On January 22, 2024, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the "Implementation Plan for the Comprehensive Reform Pilot Program in Pudong New Area (2023-2027)" ("**Pudong Plan**"). The Pudong Plan proposes to "allow new biopharmaceutical products to be priced in reference to similar international drugs in accordance with relevant regulations, supporting the development of the innovative drug and medical device industries."

1: Beijing Disease Challenge Public Welfare Foundation and Frost & Sullivan jointly released "2024 China Rare Disease Industry Trends Observation Report".

PIPELINE

Our Comprehensive and Diversified Pipeline

CANbridge holds global rights to 8 out of 12 assets, spanning biologics, small molecules, and gene therapy, targeting most prevalent rare diseases and oncology indications, with proven mechanisms and significant market potential.



* The Company decided to discontinue the development and further trials of CAN008 in the field of GBM in April 2024. For details, please refer to the company's announcement

Management Discussion and Analysis

BUSINESS REVIEW

The Company was listed on Stock Exchange on December 10, 2021. Since then, the Company has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements.

HUNTERASE® *(IDURSULFASE BETA, FORMERLY KNOWN AS CAN101)*

- Hunterase® is the first ERT approved for the treatment of Hunter syndrome (MPS II) in China. Given that ERT is the standard of care for Hunter syndrome, and that there is currently no other drug treatment available in China, we believe there is a significant market opportunity for Hunterase®.

- CANbridge received the marketing approval from the NMPA for Hunterase® in September 2020 as the first and the only treatment for MPS II in China. Hunterase® is currently marketed in over 10 countries worldwide by GC Pharma. In a head-to-head Phase 1/2 study, Hunterase® demonstrated favorable efficacy as compared to Elaprase®, a drug commonly used to treat Hunter syndrome globally. In a Phase 3 clinical trial in Chinese MPS II patients, Hunterase® demonstrated favorable efficacy compared to placebo over a period of up to two years with no specific safety concerns.

- CANbridge commercially launched Hunterase® in China in May 2021 in a non-reimbursed market. Patient identification has accelerated since launch, with 822 (757 as of March 31, 2024) patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 113 (103 as of March 31, 2024) cities, covering a population of 526 million (500 million as of March 31, 2024) in China.

- The Company continues to strengthen integrated commercialization team and with the ability to commercialize multiple rare disease products.

LIVMARLI® *(MARALIXIBAT ORAL SOLUTION, FORMERLY KNOWN AS CAN108)*

- Livmarli® is an oral, minimally-absorbed, reversible IBAT inhibitor and is under development to treat rare cholestatic liver diseases, including ALGS (approved by FDA) and PFIC. Livmarli® possesses an extensive safety dataset, having been evaluated in more than 1,700 human subjects. Livmarli® has been studied in a number of completed and ongoing clinical trials in ALGS and PFIC with over 200 children treated and some on study for over seven years. A Phase 2b placebo-controlled randomized withdrawal period clinical trial with an open-label extension in children (aged 1-18 years) conducted for ALGS by Mirum Pharmaceuticals, Inc. ("**Mirum**"), our collaboration partner in the U.S., shows that patients receiving Livmarli® experienced significant reductions in serum bile acids and pruritus compared to placebo, improvements in quality of life and xanthomas and accelerated long-term growth. In addition, Mirum has completed a Phase 3 study of Livmarli® in PFIC, which is the largest randomized, placebo-controlled study with 93 patients across a range of genetic PFIC subtypes, including PFIC1, PFIC2, PFIC3, PFIC4, PFIC6 and unidentified mutational status. The results of this Phase 3 study demonstrated that Livmarli-treated patients had statistically significant improvements in pruritus, serum bile acids, bilirubin and growth as measured by weight z-score in the cohort evaluating the combined genetic subtypes.

- CANbridge and Mirum have an exclusive license agreement for the development, commercialization and manufacturing, under certain conditions, of Livmarli® in Greater China.

- In 2023, CANbridge received multiple marketing approvals for Livmarli® in mainland China, Hong Kong, and Taiwan. The broad marketing approvals make Livmarli® the first and only approved product marketed for the treatment of cholestatic pruritus in patients with ALGS in these regions.

- CANbridge commercially launched Livmarli® in China in January 2024 in a non-reimbursed market. Patient identification has accelerated since launch, with 766 patients identified as of June 30, 2024. As of June 30, 2024, we have implemented commercial insurance programs (Huiminbao) in 15 cities, covering a population of 149 million in China.

- In May 2024, granted an expanded label by the NMPA. This approval extends the use of Livmarli® for the treatment of cholestatic pruritus in patients with ALGS to include those aged three months and older.

- Due to circumstance with national reimbursement, we have decided to retract our NDA filing for PFIC from the NMPA in China. Livmarli® has been granted marketing authorization in both the US and Europe, demonstrating significant clinical benefits for patients with PFIC. Our priority is to have a successful execution of ALGS's launch plan with Livmarli®. We will continue to evaluate the reimbursement environment and will refile when appropriate.

CAN106 *(OMOPRUBART)*

- CAN106 is a novel, long-acting, monoclonal antibody directed against C5 complement that is being developed for the treatment of complement-mediated diseases, including PNH and MG among other approved and new potential indications. Based on clinical data, CAN106 has demonstrated a favorable PK/PD profile, safety and tolerability, indicating that CAN106 has the potential to effectively inhibit C5 in patients with PNH with a convenient four-week dosing frequency.

- CANbridge obtained global rights to develop, manufacture and commercialize CAN106 in PNH, as well as for other complement-mediated diseases that involve activation of the C5 protein, from WuXi Biologics Ireland Limited and Privus Biologics, LLC in 2019 and 2020, respectively.

- CAN106 has received Orphan Drug Designation from the FDA for the treatment of MG, an autoimmune neuromuscular disease that causes muscle weakness. CAN106 is eligible to receive the benefits provided under the Orphan Drug Act, including 50% tax credit for qualifying clinical trials, waivers for regulatory submission fees, eligibility to receive federal research grants, and upon marketing authorization for MG, 7 years of market exclusivity.

- In June 2023, CANbridge announced positive preliminary results from the ongoing Phase 1b study of CAN106 being conducted in China for PNH. The trial is being conducted under the direction of principal investigator, Dr. Bing Han, MD, PhD, Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China. CAN106 showed dose-proportional exposure and rapid, dose-dependent reductions in free C5 levels within 24 hours, with all subjects in Cohort 3 maintaining values below 0.5 ug/mL, a historical threshold for complete C5 inhibition. CAN106 was safe and well-tolerated at all doses, and all drug-related adverse events were mild or moderate and transient, and none led to discontinuation from the study. There were no drug-related serious adverse events, and no cases of anaphylaxis or meningococcal infection. Currently, CAN106 is the only domestically-developed treatment for PNH that is actively being developed.

- Complement-mediated diseases amenable to treatment with an anti-C5 antibody remain an area of broad interest, demonstrating potential for CAN106 in multiple indications beyond PNH.

CAN103

- CAN103, a recombinant, human glucocerebrosidase (acid β-glucosidase), an ERT for the treatment of GD. CANbridge holds global proprietary rights to develop and commercialize the product.

- CAN103 is the first ERT for GD in the clinical development stage trial in China.

- The first patient was dosed in the CAN103 Phase 1/2 trial, which is being developed for the treatment of patients with GD Types I and III in China. Dr. Bing Han MD, Ph.D., Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China, is the principal investigator for the trial. GD, a lysosomal storage disorder, is caused by a genetic enzyme deficiency leading to the accumulation of a cellular sphingolipid called glucocerebroside in macrophages residing in liver, spleen, and bone marrow, resulting in hepatosplenomegaly, anemia, thrombocytopenia, and skeletal disease (infarction, osteoporosis, and pain). In GD Type III, glucocerebroside also accumulates in the central nervous system, causing chronic neurodegeneration and premature death. CAN103 is an ERT under development by CANbridge, as part of its rare disease partnership with WuXi Biologics (Cayman) Inc. (stock code: 2269.HK), for the long-term treatment of adults and children with GD Types I and III. Many GD patients in China do not have access to approved treatments due to cost barriers.

- In October 2023, the Company announced that the core part of the ongoing CAN103 Phase 2 trial, in treatment-naïve patients aged 12 or above with GD Types I and III, completed enrollment. The randomized, double-blind, dose comparison Phase 2 study is designed to evaluate the efficacy, safety and pharmacokinetics of CAN103 in newly treated GD patients over 9 months, followed by a long-term extension period. This trial will serve as a potential registrational trial for CAN103.

- In July 2024, we announced that the last patient in CAN103 Phase 2 trial, in treatment-naïve patients aged 12 or above with GD Types I and III, has completed the last visit.

- In August 2024, we reports positive topline data from CAN103 pivotal trial for Gaucher disease in China.

- We expect to submit NDA in the fourth quarter of 2024.

GENE THERAPY

- CANbridge has a fully operational in-house gene therapy R&D laboratory at their Burlington, MA U.S. site.

- The Company announced a license from the UMass Chan Medical School for the global development and commercialization rights to a novel second-generation scAAV gene therapy, expressing hSMN1 under the control of an endogenous hSMN1 promoter, for the treatment of SMA.

- The Company, in collaboration with the Horae Gene Therapy Center at the UMass Chan Medical School, presented preclinical data in May 2023 on CAN203 at the 2023 ASGCT Annual Meeting. These data support continued development of this second-generation vector as a potential best-in-class gene therapy for SMA. This next-generation gene therapy leverages advances in the gene therapy field that have occurred since the first gene therapy for SMA was developed over a decade ago. Data shared at ASGCT highlights the potential of this novel, second-generation vector that expresses a codon-optimized hSMN1 transgene under the control of an endogenous hSMN1 promoter, to treat SMA. The data demonstrated that low-dose intracerebroventricular delivery of the gene therapy was able to achieve superior potency, efficacy and safety in mice with SMA, compared to the benchmark vector, which is similar in design to the FDA-approved gene therapy vector for SMA.

- Presented preclinical data in October 2023 on CAN201, a potential gene therapy for the treatment of patients with Fabry disease, at the European Society of Gene & Cell Therapy (ESGCT) 30th Annual Congress. CAN201 utilizes a liver-targeting AAV capsid sL65 to produce in the liver the key enzyme, α -GAL, that is deficient in patients with Fabry disease. In preclinical studies involving Fabry mice and a PXB mouse model containing a humanized liver, CAN201 showed a dose-dependent increase in α -GAL enzyme levels across various tissues with a corresponding reduction in disease-causing Gb3 lipid levels. The gene therapy was well tolerated with no significant adverse effects observed in Fabry mice.

- In February 2024, our pioneering work, in collaboration with the Horae Gene Therapy Center at the UMass Chan Medical School, on developing a novel AAV-based gene therapy for SMA was published in the prestigious EMBO Molecular Medicine journal, accompanied by a commentary highlighting its scientific significance. Compared to the benchmark vector with an identical design to the vector used in the FDA-approved gene therapy for treating SMA that drove high, ubiquitous tissue expression of SMN, this second-generation vector restored SMN expression close to physiological levels in the central nervous system and major systemic organs of a severe SMA mouse model. Remarkably, it demonstrated superior safety without liver toxicity seen with the benchmark vector and markedly improved therapeutic efficacy over the benchmark vector. Compared to the benchmark vector, it prolonged longer survival, more efficiently rescued motor function and neuromuscular junction integrity, more effectively rescued heart and respiratory function and reduced peripheral tissue disease manifestations. This body of work is the basis of our CAN203 gene therapy program.

- In addition, we have licensed a dual vector technology called "StitchR" from ScriptR Global for its application towards DMD. The StitchR technology enables delivery of larger gene payloads via two independent AAVs and is the basis for our DMD gene therapy program, which is currently in the research discovery stage. As of June 30, 2024, we have internally generated the proof-of-concept data for DMD pre-clinical studies.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT CANDIDATE, OR ANY OF OUR PIPELINE PRODUCTS

Manufacturing

We have secured manufacturing capacity for selected in-licensed programs, including from third party collaboration partners such as WuXi Biologics, GC Pharma and Mirum. We aim to balance cost-efficiency and quality control of our drug products and/or candidates. In an effort to advance our gene therapy pipelines, we are exploring manufacturing strategy for gene therapy that can help us to achieve high quality and capital efficiency anticipate to use CDMO to enable the further development of our gene therapy products.

Commercialization

With multiple products currently approved for marketing in multiple geographies, we have established our key operation hubs in both Beijing and Shanghai, with offices in other locations in Greater China. We have set up a commercialization team dedicated to our approved products and late-stage drug candidates that can be quickly expanded in line with our business growth, comprising three major functions, including marketing and sales, medical affairs and patient advocacy assistance and market access, with the mission to execute medical engagement plans for key opinion leader (KOL) development, promote community awareness and explore industry insights for better drug development and marketing strategy.

The management continues to monitor the market to develop the most cost-effective strategy for commercializing these upcoming pipeline products.

KEY EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Company has no key events after the Reporting Period that need to be brought to the attention of the Shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

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

Revenue

Our revenue increased by RMB1.7 million from RMB43.1 million for the six months ended June 30, 2023 to RMB44.8 million for the six months ended June 30, 2024, which was primarily due to the ending of the transitional arrangement of Nerlynx® distribution in Hong Kong in the second half of 2023, as originally planned by the Company in 2021 for strategically focusing on rare disease. Excluding the Nerlynx® sales in Hong Kong, our revenue increased by RMB8.8 million, or 24.4% as compared with the same period in 2023, which was mainly attributable to the increase from sales of Livmarli®.

Cost of Sales

Our cost of sales decreased by RMB1.0 million from RMB16.4 million for the six months ended June 30, 2023 to RMB15.4 million for the six months ended June 30, 2024, which was primarily attributable to the change in product mix of our commercialized products during the Reporting Period.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB2.7 million from RMB26.7 million for the six months ended June 30, 2023 to RMB29.4 million for the six months ended June 30, 2024. Our gross profit margin for the six months ended June 30, 2024 was 65.7% (for the six months ended June 30, 2023: 62.0%).

Other Income and Gains

Our other income and gains decreased by RMB1.3 million from RMB8.5 million for the six months ended June 30, 2023 to RMB7.2 million for the six months ended June 30, 2024, which was primarily attributable to the decrease of interest income and partially offset by the increase of the gain on disposal of the assets classified as held for sale.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB1.5 million from RMB38.3 million for the six months ended June 30, 2023 to RMB39.8 million for the six months ended June 30, 2024, which was primarily due to the increase of marketing and promotion expenses and partially offset by the decrease in employee costs.

Administrative Expenses

Our administrative expenses decreased by RMB12.5 million from RMB48.2 million for the six months ended June 30, 2023 to RMB35.7 million for the six months ended June 30, 2024. Such decrease was primarily attributable to our efforts on the containment of employee costs and other administrative costs during the Reporting Period.

Research and Development Expenses

Our research and development expenses increased by RMB30.3 million from RMB143.0 million for the six months ended June 30, 2023 to RMB173.3 million for the six months ended June 30, 2024. Such costs were mainly attributable to the ongoing potential registrational trial for CAN103.

	Six months ended June 30,	
	2024	2023
Research and development expenses	RMB'000	RMB'000
Staff costs	16,764	30,248
Testing and clinical trial expenses	141,799	100,042
License fees	2,305	–
Depreciation and amortization	6,388	6,750
Other expenses	6,000	5,935
Total	173,256	142,975

Other expenses

Our other expenses increased from RMB19.4 million for the six months ended June 30, 2023 to RMB30.6 million for the six months ended June 30, 2024, which was primarily due to the impairment loss of RMB26.3 million arising from right-of-use assets, and partially offset by the decrease of foreign exchange loss.

Impairment loss on right-of-use assets

During the Reporting Period, the Group recorded an impairment loss on right-of-use assets of a lease for the Group's laboratory and office in Boston, U.S. (the "**Leased Property**"), amounting to approximately RMB26.3 million (for the six months ended June 30, 2023: nil) as a result of the following:

- during the Reporting Period, market rents for the building housing the U.S. subsidiary of the Company experienced a significant decline; and

- in June 2024, the management of the Company engaged in internal discussions regarding the potential downsizing of the Group's operations in the U.S. (the "**Downsizing Plan**"), which may involve reducing personnel and implementing measures to enhance the cost-efficiency of the laboratory's utilization, resulting in the majority of the laboratory offices linked to the right-of-use assets remaining unused and leading to a decline in the economic benefits derived from these assets.

It is anticipated that the Downsizing Plan, if materialized, will be implemented without adversely impacting the Group's operations, financial performance and R&D capacities as a whole, as the commercialized pipelines and major late-stage R&D programs are mainly conducted in the PRC. The management of the Company will also take cost reduction and efficiency enhancement measures, striving to improve the Group's operation capacity and the profitability of the Group's business. Going forward, the Group will continue to pursue its strategic focus, further prioritizing key programs with significant development and regulatory milestones.

The Company wishes to emphasize that no formally conclusive decision in relation to the Downsizing Plan had been made during the Reporting Period. Furthermore, the aforementioned impairment loss will not have any adverse impact on the operation, financial performance and/or R&D capacities of the Group. As the Company is in the process of internal discussions and working on the Downsizing Plan, further announcement(s) will be made by the Company as and when required.

Finance Costs

Our finance costs increased from RMB4.5 million for the six months ended June 30, 2023 to RMB4.6 million for the six months ended June 30, 2024. Such increase was primarily due to the increase of bank loan interest expenses and partially offset by the decrease of interest on lease liabilities.

Non-IFRS Measures

In addition to the Group's consolidated financial statements, which are presented in accordance with IFRSs, the Company also uses adjusted loss for the period as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impacts of items that we do not consider indicative of our performance results. The Company believes that these adjusted measures provide additional information to investors and others, helping them to understand and evaluate our consolidated results of operations in the same manner as our management, and thus, facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

We define adjusted loss for the period as loss for the period excluding the effect of share-based payment expenses. The term adjusted loss for the period is not defined under the IFRSs. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRSs.

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Loss for the period	**(247,269)**	(218,161)
Add:		
Share-based payment expenses	**4,755**	13,721
Adjusted loss for the period	**(242,514)**	(204,440)

Management Discussion and Analysis

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 Shareholders' value.

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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There is no material seasonality of borrowing requirements for the Group.

Liquidity and Financial Resources

Our cash and bank balances as of June 30, 2024 were RMB49.1 million, of which RMB26.7 million, RMB18.3 million and RMB4.1 million, were denominated in RMB, USD and TWD, respectively. As compared to RMB137.5 million as of December 31, 2023, the decrease of cash and bank balances was primarily attributable to the net cash outflows used in operations. Our primary uses of cash are to fund research and development efforts, milestone payments and working capital and for other general corporate purposes.

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its research and development, business operation and expansion plans. For the six months ended June 30, 2024, we funded our operations primarily through revenue generated from sales of commercialized products, net proceeds raised from the Global Offering as set out in the Prospectus and debt financing.

We closely monitor the uses of cash and cash equivalents to ensure that our financial resources have been used in the most cost-effective and efficient way. During the Reporting Period, given, among others, the halt in the development and further trials of CAN008 in the field of GBM and the expansion of high-value-added potential business opportunities, the Board resolved to reallocate the unutilized net proceeds received from the Global Offering (after deducting the underwriting commissions and estimated expenses payable by the Company in relation to the Global Offering). For details of the change in use of proceeds, please refer to the Company's announcement titled "Change in Use of Proceeds from the Global Offering" dated May 6, 2024 (the "**Announcement**"). We also consider and will endeavor to seek various funding sources depending on the Group's funding needs.

Bank Loans and Other Borrowings

Our bank loans and other borrowings as of June 30, 2024 were RMB45.8 million (December 31, 2023: RMB30.3 million). All of our bank loans and other borrowings as of June 30, 2024 were denominated in RMB and carried fixed nominal interest rates ranging from 3.35% to 4.00% per annum.

Current Ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as of June 30, 2024 was 24.5% (December 31, 2023: 64.0%). The decrease in current ratio was primarily due to the decrease in cash and bank balances, and the increase in trade payables as of June 30, 2024.

Gearing Ratio

The gearing ratio (calculated by total interest-bearing borrowings divided by total assets) of the Group as of June 30, 2024 was 18.4% (December 31, 2023: 7.7%).

Foreign Currency Risk

We have transactional currency exposures. Certain of our cash and bank balances, trade receivables and other receivables and trade and other payables are denominated in non-functional currencies and exposed to foreign currency risk.

We currently do not have a foreign currency hedging policy and we have not used any financial instruments for hedging purpose. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

Capital Expenditure and Commitments

The Group's capital expenditures during the six months ended June 30, 2024 were primarily related to the purchase of property, plant and equipment. During the six months ended June 30, 2024, the Group incurred RMB14,000 in relation to capital expenditures.

Charges on Group Assets

As of June 30, 2024, the Group pledged deposits of RMB6.2 million in commercial banks held as collateral for issuance of letters of credit for lease. Saved as disclosed above, as of June 30, 2024, the Group did not have other charges over its assets.

Significant Investment Held

As of June 30, 2024, the Group did not have any significant investments.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. Save as otherwise disclosed in the Prospectus, the Group does not have any specific future plans on material investments or capital assets as of the date of this report.

Share Schemes

Pre-IPO Equity Incentive Plan

The Company adopted the Pre-IPO Equity Incentive Plan on July 25, 2019, which was amended on June 11, 2021.

The maximum number of the Shares that may be subject to the awards granted and sold under the Pre-IPO Equity Incentive Plan is 54,549,230 Shares and share options (including those have subsequently lapse or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No share options were granted under the Pre-IPO Equity Incentive Plan after the Company's listing.

During the Reporting Period, 276,200 options were exercised, and 6,057,849 options were forfeited. As of June 30, 2024, the Company had 32,652,806 options outstanding.

Post-IPO RSU Scheme

The Company has conditionally adopted the Post-IPO RSU Scheme.

The maximum number of Shares which may be allotted and issued in respect of all restricted share units ("**RSUs**") that may be granted under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the Shareholders). Awards lapsed in accordance with the terms of the Post-IPO RSU Scheme shall not be counted for the purpose of calculating such limit.

During the Reporting Period, 6,336,000 RSUs were granted by the Company under the Post-IPO RSU Scheme, subject to acceptance of the relevant grantees.

During the Reporting Period, 199,250 RSUs were exercised, and 750,875 RSUs were forfeited. As of June 30, 2024, the Company had 9,998,625 RSUs outstanding.

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme.

The maximum number of the Shares which may be allotted and issued in respect of all options that may be granted under the Post-IPO Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10% of the issued capital of the same class of the Company as of June 27,2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the Shareholders).

During the Reporting Period, 12,815,000 share options were granted by the Company under the Post-IPO Share Option Scheme, subject to acceptance of the relevant grantees.

During the Reporting Period, 0 share options were exercised, and 1,460,875 share options were forfeited. As of June 30, 2024, the Company had 20,976,125 share options outstanding.

Contractual Arrangements

On June 10, 2022, the Company's wholly-owned subsidiary CANbridge (Suzhou) Bio-Pharma Co., Ltd (北海康成(蘇州)生物製藥有限公司) (the "**WFOE**") entered into contractual arrangements (the "**Contractual Arrangements**") with CANbridge Care Pharma (Suzhou) Biotechnology Co., Ltd (康成諾愛(蘇州)生物科技有限公司) (the "**VIE**"), a company incorporated in the PRC, to gain the economic benefit and control of the VIE. The VIE will engage in businesses which involve research, development and commercialization of gene therapy and related products. Foreign investment activities in the PRC are mainly governed by the Foreign Investment Law《(外商投資法》), the Provisions for Guiding the Foreign Investment Direction《(指導外商投資方向規定》), the Industry Guidelines on Encouraged Foreign Investment (2022)《(鼓勵外商投資產業目錄 (2022年版)》) and the Special Administrative Measures (Negative List) for the Access of Foreign Investments (2024)《(外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") (collectively, the "**Relevant PRC Regulations**"), pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, "encouraged", "permitted", "restricted" and "prohibited". Foreign investors shall not invest in any industry forbidden by the Negative List for access of foreign investment. The development and application of gene therapeutic technologies and products falls under the "prohibited" category of the Negative List in the PRC according to the Relevant PRC Regulations. As such, foreign investment is generally prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies. However, this restriction is now relaxed in designated free-trade zones, including Beijing, Shanghai, Guangdong, and Hainan, according to the Notice on Carrying Out Programs to Expand Opening-Up in the Healthcare Sector《關於在醫療領域開展擴大開放試點工作的通知》issued on September 8, 2024. Since the VIE has no operations within any of these free-trade zones and the new regulations have only recently been implemented with unclear practical execution details, the Group will maintain the current Contractual Arrangements for now. Moving forward, the Company will continue to monitor regulatory developments closely. Details of the Contractual Arrangements are disclosed in the announcement of the Company dated July 8, 2022.

Through the Contractual Arrangements, the WFOE has effective control over the finance and operation of the VIE, and can enjoy the economic interests and benefits generated by the VIE. Upon the entering into of the Contractual Arrangements, the financial results of the VIE are consolidated into the consolidated financial statements of the Group and the VIE is treated as a subsidiary of the Company.

As of the date of this report, the Group has not commenced the business of gene therapy solutions in the PRC. During the Reporting Period and up to the date of this report, except as disclosed above, there has been no update on the Foreign Investment Law and the Company is not aware of any non-compliance of the Contractual Arrangements with the relevant PRC laws, rules and regulations (including but not limited to the Foreign Investment Law). The Company will continue to monitor the developments of the relevant laws, decision, regulations, rules and administration measures in this regard, and will make further announcements in respect thereof in accordance with the Listing Rules as and when necessary.

Use of Proceeds from the Global Offering

The Shares were listed on the Stock Exchange on December 10, 2021 and the Company obtained net proceeds of HKD604.0 million (after deducting the underwriting fees, commissions and estimated expenses payable by the Company in connection with the Global Offering). During the Reporting Period, the Board resolved to reallocate the unutilized net proceeds received from the Global Offering. As of June 30, 2024, the Group has used approximately HKD576.8 million of the proceeds. Such used proceeds were allocated and used in accordance with the use of proceeds as set out in the Prospectus and the Announcement. As of June 30, 2024, the unutilized net proceeds are approximately HKD27.2 million, which will be allocated and used in accordance with the purposes and proportions as set out in the Announcement. Details of the specific use are as follows:

Purpose	**Planned use of proceeds as disclosed in the Prospectus**		**Net proceeds unutilized as of January 1, 2024**	**Net proceeds unutilised as of the date of reallocation (i.e., March 31, 2024) as disclosed in the Announcement**	**Revised allocation of the unutilized net proceeds as disclosed in the Announcement**		**Net proceeds actually utilized from March 31, 2024 to June 30, 2024**	**Unutilized net proceeds as of June 30, 2024**
	HKD in million	*% of net proceeds*	*HKD in million*	*HKD in million*	*HKD in million*	*% of net proceeds*	*HKD in million*	*HKD in million*
Fund ongoing and future R&D, and CMC development and manufacturing of our Core Product candidate CAN008	274.2	45.4	76.9	58.9	15.6	24.9	8.6	7.0
Fund major products and product candidates in our pipeline	144.9	24.0	1.6	–	43.3	69.1	23.1	20.2
Fund ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of other non-gene therapy products and product candidates in our pipeline	10.9	1.8	4.1	3.8	–	–	–	–
Fund the ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of our gene therapy candidates	72.5	12.0	–	–	3.8	6.0	3.8	–
Fund the R&D and other general business purposes	101.5	16.8	–	–	–	–	–	–
Total	604.0	100	82.6	62.7	62.7	100	35.5	27.2

Note:

It is expected that the Company will fully utilize the net proceeds raised from the Global Offering by the end of 2025.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

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

Long Positions in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
Dr. Xue	Interest in controlled corporation[1]	26,042,380	6.13%
	Founder of a discretionary trust[2]	15,000,000	3.53%
	Beneficial interest[3]	15,157,201	3.57%
James Arthur Geraghty	Beneficial interest[4]	1,950,000	0.46%
Richard James Gregory	Beneficial interest[5]	300,000	0.07%
Peng Kuan Chan	Beneficial interest[6]	250,000	0.06%

Notes:

* The calculation is based on the total number of 424,838,320 Shares issued as of June 30, 2024.

(1) CTX Pharma Holdings Limited directly holds 26,042,380 Shares and is wholly-owned by Dr. Xue.

(2) 15,000,000 Shares are held by JQX 2021 Gift Trust (a trust set up by Dr. Xue as settlor, the spouse of Dr. Xue as trustee and Dr. Xue's family members as the beneficiaries, the "**Family Trust**"). Under the terms of the Family Trust, Dr. Xue has the power to exercise all the voting rights attached to the Shares. Accordingly, Dr. Xue is deemed interested in the Shares held by the Family Trust.

(3) Dr. Xue beneficially holds 733,050 Shares under his own name and 81,761 Shares via a nominee which were derived from the exercising of Share Options under Pre-IPO Equity Incentive Plan and the settlement of RSUs under Post-IPO RSU Scheme respectively. As of June 30, 2024, Dr. Xue held the following outstanding options and RSUs: (i) Share Options that represent 8,861,140 Shares under the Pre-IPO Equity Incentive Plan; (ii) 2,800,000 share options under the Post-IPO Share Option Scheme; and (iii) 2,681,250 RSUs under the Post-IPO RSU Scheme.

(4) Mr. James Arthur Geraghty beneficially holds 700,000 Shares under his own name which were derived from the exercising of Share Options under Pre-IPO Equity Incentive Plan. Pursuant to the Pre-IPO Equity Incentive Plan, Mr. James Arthur Geraghty was granted with Shares Options that represent 1,250,000 Shares.

(5) Pursuant to the Pre-IPO Equity Incentive Plan, Dr. Richard James Gregory was granted with Shares Options that represent 300,000 Shares.

(6) Pursuant to the Pre-IPO Equity Incentive Plan, Mr. Peng Kuan Chan was granted with Shares Options that represent 250,000 Shares.

Save as disclosed above, so far as the Directors are aware, as of June 30, 2024, none of our Directors or chief executives had interest and/or short position in the Shares, underlying Shares and debentures of the Company or our 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 were taken or deemed to have taken 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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors or chief executive of the Company are aware, as of June 30, 2024, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the relevant class of Shares which were required to be entered in the register kept by the Company under section 336 of the SFO:

Long Position in the Shares

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
CTX Pharma Holdings Limited[1]	Beneficial interest	26,042,380	6.13%
WuXi AppTech Co., Ltd. (無錫藥明康德新藥開發股份有限公司) ("**Wuxi AppTech**")[2]	Interest in controlled corporation	40,346,960	9.50%
Athos Capital Limited[3]	Investment Manager	56,021,590	13.19%
Athos Asia Event Driven Master Fund[3]	Beneficial interest	41,891,816	9.86%
Friedrich Bela Schulte-Hillen[3]	Interest in controlled corporation	56,021,590	13.19%
Matthew Love Moskey[3]	Interest in controlled corporation	56,021,590	13.19%
Qiming Corporate GP IV, Ltd.[4]	Interest in controlled corporation	32,829,330	7.73%
Qiming GP IV, L.P.[4]	Interest in controlled corporation	31,824,490	7.50%
Qiming Venture Partners IV, L.P.[4]	Beneficial interest	31,824,490	7.50%

Notes:

* The calculation is based on the total number of 424,838,320 Shares issued as of June 30, 2024.

(1) CTX Pharma Holdings Limited is an exempted company with limited liability incorporated in the British Virgin Islands and holds 26,042,380 Shares. CTX Pharma Holdings Limited is wholly-owned by Dr. Xue.

(2) WuXi AppTec (HongKong) Limited, company incorporated in Hong Kong on March 26, 2012 holding 20,554,860 Shares, is a wholly-owned subsidiary of WuXi AppTec. Moreover, WuXi PharmaTech Healthcare Fund I L.P. is an exempted limited partnership established in the Cayman Islands directly holding 19,792,100 Shares. All limited partnership interests of WuXi PharmaTech Healthcare Fund I L.P. are held by Wuxi AppTec and the general partner of WuXi PharmaTech Healthcare Fund I L.P. is a wholly-owned subsidiary of WuXi AppTec. Accordingly, Wuxi AppTec is deemed interested in the Shares held by each of WuXi AppTec (HongKong) Limited and WuXi PharmaTech Healthcare Fund I L.P..

(3) Athos Capital Limited, a company incorporated in Hong Kong, serves as investment manager of Athos Asia Event Driven Master Fund, an exempted limited partnership established in Cayman Islands, directly holding 41,891,816 Shares, FMAP ACL Limited, a limited company established in Cayman Islands, directly holding 8,490,000 Shares, KLS Athos Event Driven Fund, an exempted limited partnership established in Cayman Islands, directly holding 282,198 Shares, and New Holland Tactical Alpha Fund LP, an exempted limited partnership incorporated in Cayman Islands, holding 5,357,576 Shares. Based on the disclosure of interests forms submitted by the Shareholders, Mr. Moskey Matthew Love has 66% of the interest in Athos Capital Limited. Mr. Schulte-Hillen Friedrich Bela has 34% of the interest in Athos Capital Limited.

(4) Qiming Venture Partners IV, L.P. and Qiming Managing Directors Fund IV, L.P. are venture capital funds operated under Qiming Venture Partners and registered as exempted limited partnerships in the Cayman Islands. Qiming GP IV, L.P. is the general partner of Qiming Venture Partners IV, L.P., and Qiming Corporate GP IV, Ltd. is the general partner of Qiming GP IV, L.P. Accordingly, each of Qiming GP IV, L.P. and Qiming Corporate GP IV, Ltd. is deemed to be interested in the Shares held by Qiming Venture Partners IV, L.P. Moreover, Qiming Managing Directors Fund IV, L.P. holds 1,004,840 Shares. Qiming Corporate GP IV, Ltd. is the general partner of Qiming Managing Directors Fund IV, L.P. and is deemed to be interested in the Shares held by Qiming Managing Directors Fund IV, L.P..

Except as disclosed in this section, as far as the Directors are aware, as of June 30, 2024, no person owns interests and short positions in the Shares and underlying Shares which shall be disclosed in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares that the Company must record in the register according to section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sale of treasury shares).

PRE-IPO EQUITY INCENTIVE PLAN

In April 2016, the board of directors of CANbridge Life Sciences approved an equity incentive plan, under which 1,250,000 shares of CANbridge Life Sciences were reserved for granting options to its employees (the "**CANbridge Beijing Equity Incentive Plan**").

Pursuant to a resolution passed by the Board on July 25, 2019, the Pre-IPO Equity Incentive Plan was adopted to inherit and replace the CANbridge Beijing Equity Incentive Plan and Shares were granted under the Pre-IPO Equity Incentive Plan to replace the Shares of CANbridge Life Sciences previously granted.

Other Information

(a) Summary of principal terms of the Pre-IPO Equity Incentive Plan

***Purpose*.** The purpose of the Pre-IPO Equity Incentive Plan is to provide incentives to Directors and employees of the Company or any other third party that the Board considers as contributed or will contribute to the Company. The Pre-IPO Equity Incentive Plan allow our Company to provide such persons with opportunities to (i) acquire Shares of the Company pursuant to options granted, (ii) receive restricted share units and (iii) purchase restricted shares (collectively, the "**Awards**").

Eligible Participants. Any Director and employee of the Company, or any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Company are eligible to participate in the Pre-IPO Equity Incentive Plan. Reference factors for the selection of participants include: (i) the Company's long-term development strategy; (ii) the status of the Company's business development; (iii) the Company's human resources strategy; (iv) the functional characteristics of the participant's position; (v) the length of service of the participant; and (vi) the job performance of the participant.

Duration. Unless terminated sooner in accordance with the terms of the Pre-IPO Equity Incentive Plan, the Pre-IPO Equity Incentive Plan will continue in effect, with regard to the making of Awards, for a term of ten years from its effective date on 25 July 2019, with a remaining life of approximately 5 years and 11 months as of the date of this report. Awards granted during the term of the Pre-IPO Equity Incentive Plan may continue to be valid and exercisable in accordance with their terms of grant.

Maximum Number of Shares. As at the Listing Date, the maximum number of Shares that may be subject to the Awards granted and sold under the 2019 Equity Incentive Plan is 54,549,230 Shares and Share Options (including those have subsequently forfeited or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No Share Options were granted for the Reporting Period and no grant was made under the Pre-IPO Equity Incentive Plan which requires review by the Remuneration Committee for the Reporting Period. During the six month ended June 30, 2024, Share Options corresponding to 276,200 Shares were exercised and Share Options corresponding to 6,057,849 Shares had forfeited. As at June 30, 2024, (i) Share Options to subscribe for 15,668,744 Shares had forfeited in accordance with the Pre-IPO Equity Incentive Plan; (ii) no Share Options had been cancelled; (iii) Share Options corresponding to 7,386,450 Shares had been exercised; and (iv) Share Options corresponding to the remaining 32,652,806 Shares were outstanding. No Shares or Award remain available for grant under the Pre-IPO Equity Incentive Plan as of June 30, 2024. At all times during the term of the Pre-IPO Equity Incentive Plan and while any Awards are outstanding, the Company will retain as authorized and unissued Shares at least the number of Shares from time to time required to satisfy the terms of the Pre-IPO Equity Incentive Plan and such Awards, or otherwise assure itself of its ability to perform its obligations thereunder.

As of the date of this report, 32,294,076 Shares underlying outstanding Awards granted under the Pre-IPO Equity Incentive Plan are available for issue. This represented approximately 7.6% of the total number of Shares in issue as of the date of this report.

The Pre-IPO Equity incentive Plan has no maximum entitlement of each individual participant nor service provider sublimit under Chapter 17 of the Listing Rules.

Administration. The Pre-IPO Equity Incentive Plan will be administered by the Board. The Board will be responsible for the approval, amendment to and termination of the Pre-IPO Equity Incentive Plan, as well as other major decisions such as determining the types of Awards to be granted, determining the number of Shares or restricted share units to be covered by each Award granted, approving the forms of Award agreements, determining the performance review targets for the eligible participants and determining the terms and conditions of any Award. A committee will be appointed by the Board to be responsible for the actual implementation of the Pre-IPO Equity Incentive Plan.

Awards. Grant of Awards shall be made in accordance with the Pre-IPO Equity Incentive Plan and in compliance with applicable laws and regulations. Each recipient of an Award shall enter into an Award agreement and any other agreements as determined by the Board. The date of grant of an Award shall be determined by the Company and the recipient at the execution of the Award agreement. The term of each option, restricted share unit or other Award will be stated in the Award agreement.

(i) Options. Subject to terms stating otherwise in the relevant Award agreement or as otherwise determined by the Board, the exercise price for Shares to be issued upon exercise of an option granted under the Pre-IPO Equity Incentive Plan is as below:

For the pool of 1,250,000 Shares reserved under the 2019 Equity Incentive Plan to substitute the shares of CANbridge Life Sciences previously granted under the CANbridge Beijing Equity Incentive Plan

Time of Grant	Exercise Price
Within 2014	RMB1 or fair market value or otherwise determined by the Board
Within 2015	RMB1.5 or fair market value or otherwise determined by the Board
Within 2016	No less than the corresponding portion of the Company's net asset by the end of 2015 or fair market value or otherwise determined by the Board
Within 2017	No less than the corresponding portion of the Company's net asset by the end of 2016 or fair market value or otherwise determined by the Board
Within 2018	No less than the corresponding portion of the Company's net asset by the end of 2017 or fair market value or otherwise determined by the Board
Within 2019 or onwards	No less than the corresponding portion of the Company's net asset by the end of 2018 or fair market value or otherwise determined by the Board

For the remaining pool of 4,204,923 Shares under the 2019 Equity Incentive Plan

Time of Grant	Exercise Price
Within 2019 or onwards	No less than 50% of the last round financing of the Company or fair market value or otherwise determined by the Board

(ii) Restricted share units and restricted shares. Under the 2019 Equity Incentive Plan, unless otherwise determined by the Board, for awards or restricted share units and restricted shares made within 2019 or onwards, the price to be paid for the granting of restricted share units and the purchase price of restricted shares will be no less than 50% of the last round financing of the Company or fair market value or otherwise determined by the Board.

The consideration to be paid for Shares to be issued upon exercise of an option granted, the granting of a restricted share unit, or the purchase of restricted shares, including the method of payment, will be determined by the Board.

Vesting. Options granted will become vested and exercisable, any restricted share units granted will vest and be settled, and any restricted shares issued pursuant to the Pre-IPO Equity Incentive Plan will be released and no longer be subject to forfeiture or a right of repurchase by the Company, according to the terms set out in the Pre-IPO Equity Incentive Plan, and under such conditions as determined by the Board and set forth in an Award agreement.

(b) Outstanding Share Options granted under the Pre-IPO Equity Incentive Plan

As of the Listing Date, our Company had granted Share Options under the Pre-IPO Equity Incentive Plan to 172 grantees to subscribe for an aggregate of 55,708,000 Shares (including grantees whose Shares Options have subsequently forfeited or been exercised). No Share Options were granted for the Reporting Period. During the Reporting Period, Share Options corresponding to 276,200 Shares were exercised and Share Options corresponding to 6,057,849 Shares had forfeited. As of June 30, 2024, Share Options to subscribe for 15,668,744 Shares had forfeited in accordance with the Pre-IPO Equity Incentive Plan and Share Options corresponding to 7,386,450 Shares had been exercised. No Share Options had been cancelled as of June 30, 2024. Accordingly, as of June 30, 2024, Share Options to acquire an aggregate of 32,652,806 Shares, representing approximately 7.69% of the total issued share of the Company, were outstanding under the Pre-IPO Equity Incentive Plan.

Other Information

As of June 30, 2024, the grantees of outstanding Share Options under the Pre-IPO Equity Incentive Plan include Dr. Xue being our Chairman of the Board, executive Director and Chief Executive Officer and 3 independent non-executive Directors, 8 consultants and 127 other employees of our Group. Below is a list of grantees of outstanding Share Options (excluding lapsed and exercised Share Options) under the Pre-IPO Equity Incentive Plan. During the Reporting Period, no Share Option under the Pre-IPO Equity Incentive Plan has been granted to other connected persons of the Company and no consideration was paid for the Share Options granted.

Name of grantee	Position held within our Group	Exercise price (per Share)	Number of Shares underlying the outstanding Share Options as of January 1, 2024	Date of grant (Note 4)	Vesting Period (Note 4)	Exercise period	Number of Share Options exercised from January 1, 2024 to June 30, 2024	Number of Share Options cancelled from January 1, 2024 to June 30, 2024	Number of Share Options lapsed/ forfeited from January 1, 2024 to June 30, 2024	Number of Shares underlying the outstanding Share Options as of June 30, 2024
DIRECTORS										
Dr. Xue	Chairman of the Board, executive Director and Chief Executive Officer	USD0.185	620,280	October 17, 2018	*(Note 1)*	January 1, 2023 to December 31, 2023	-	-	620,280	0
		USD0.52	3,861,140	October 17, 2018	*(Note 1)*	*(Note 5)*	-	-	-	3,861,140
		USD1.179	5,000,000	June 11, 2021	*(Note 1)*	*(Note 5)*	-	-	-	5,000,000
James Arthur Geraghty	Independent non-executive Director	USD0.589	1,000,000	July 25, 2019	*(Note 1)*	*(Note 5)*	-	-	-	1,000,000
		USD1.179	250,000	June 11, 2021	*(Note 1)*	*(Note 5)*	-	-	-	250,000
Richard James Gregory	Independent non-executive Director	USD0.706	300,000	April 7, 2020	*(Note 2)*	*(Note 5)*	-	-	-	300,000
Peng Kuan Chan	Independent non-executive Director	USD0.753	250,000	June 11, 2021	*(Note 1)*	*(Note 5)*	-	-	-	250,000
8 consultants										
		0~USD1.179	3,213,553	May 1, 2013 - November 8, 2021	*(Note 1)*	*(Note 5)*	-	-	283,343	2,930,210
127 other employees of the Group		RMB0.1 - USD1.179	24,491,882	August 7, 2013 - November 8, 2021	Six months from date of grant to five years from date of grant	*(Note 5)*	276,200	-	5,154,226	19,061,456
Total:			38,986,855				276,200	-	6,057,849	32,652,806

Notes:

1. The vesting schedule for these Share Options is: (i) 25% to be vested one year from the date of grant and (ii) 75% to be vested in equal monthly installments over the subsequent 36 months thereafter.

2. The vesting schedule for these Share Options is: 100% to be vested in equal monthly installments over the 36 months from the date of grant.

3. The vesting period refers to the period that the Share Options are vested.

4. The share closing price immediately before the date of grant of the Share options are not applicable as the Share Options were granted before the Listing Date.

5. The exercise period for these Share Options is within 10 years from the relevant vesting date.

6. The exercise price of the Shares of 5,000 Share Options exercised is HK$0.65 per Share, the exercise price of the Shares of 150,000 Share Options exercised is HK$0.12 per Share, and the exercise price of the Shares of 121,200 Share Options exercised is HK$0.18 per Share. The weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised during the Reporting Period is HK$0.87.

(c) Restricted share units and restricted shares

As of June 30, 2024, no restricted share units or restricted shares have been granted under the Pre-IPO Equity Incentive Plan.

(d) General

Given that during the Reporting Period, the Company did not grant any Awards under the Pre-IPO Equity Incentive Plan, no share may be issued in respect of any Awards under the Pre-IPO Equity Incentive Plan during the Reporting Period and as such, the disclosure requirement under Rule 17.07(3) of the Listing Rules is not applicable.

Further details of the Pre-IPO Equity Incentive Plan are set out in the Prospectus.

Other Information

POST-IPO RSU SCHEME

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated November 18, 2021, which was amended on June 27, 2024. As of the date of this report, the Company has appointed a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award (as defined below), by way of restricted share unit(s) ("**RSU(s)**"), which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

Where applicable and in accordance with the relevant requirements under the Listing Rules, the Company may use treasury shares to satisfy RSUs granted under the Post-IPO RSU Scheme.

A summary of the principal terms of the Post-IPO RSU Scheme is set out as follows.

1. Eligible Persons to the Post-IPO RSU Scheme

Any individual, being an employee, a director (including executive Directors, non-executive Directors and independent non-executive Directors) or a service provider of a member of the Group who the Board considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board (an "**Award**") (an "**Eligible Person**" and, collectively "**Eligible Persons**", for the purpose of this section), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme.

Service provider means any service provider (in particular scientists, medical doctors, other consultants, professionals and/or advisors engaged by the Group pursuant to the applicable contractual arrangements) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including the research, development, commercialisation, marketing and/or strategic planning of drug products) which are in the interests of the long-term growth of the Group, but shall exclude placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as the Auditor who provide assurance, or are required to perform their services with impartiality and objectivity ("**Service Providers**, each a "**Service Provider**", for the purpose of this section).

2. Purpose of the Post-IPO RSU Scheme

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

3. Awards

An Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board, it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

Unless the Board decides otherwise and specifies the same in the award letter, no consideration is payable for the grant of an Award.

4. Scheme Limit

The maximum number of Shares which may be allotted and issued in respect of all Awards that may be granted under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company) (the "**Post-IPO RSU Scheme Limit**"). Awards lapsed in accordance with the terms of the Post-IPO RSU Scheme shall not be counted for the purpose of calculating the Post-IPO RSU Scheme Limit.

Subject to the above, the total number of Shares which may be allotted and issued in respect of all Awards that may be granted to Service Providers under the Post-IPO RSU Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1% of the issued share capital of the same class of the Company (excluding any treasury shares) as of June 27,2024 (or of the date on which the refreshing of the limit is approved by the shareholders of the Company.

No Award may be granted to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the Post-IPO RSU Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the Post-IPO RSU Scheme or the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time, without Shareholders' approval.

As at January 1, 2024 (the beginning of the Reporting Period), the number of RSUs available for grant under the Post-IPO RSU Scheme was 13,032,046, representing approximately 3.07% of the total number of Shares in issue as of January 1, 2024.

On June 27, 2024, the amended Post-IPO RSU Scheme was approved and adopted at the annual general meeting ("**Amended Post-IPO RSU Scheme**"). Under the Amended Post-IPO RSU Scheme, the scheme limit was refreshed to be the Post-IPO RSU Scheme Limit. After June 27, 2024 and during the Reporting Period, no RSUs have been granted under the Amended Post-IPO RSU Scheme.

For completeness, on or before June 27, 2024 and during the Reporting Period, 6,336,000 RSUs were granted under the Post-IPO RSU Scheme. All outstanding RSUs granted prior to June 27, 2024, together with RSUs that have vested or lapsed under the Post-IPO RSU Scheme, will not be counted towards the Post-IPO RSU Scheme Limit.

Accordingly and as at June 30, 2024 (the end of the Reporting Period), the maximum number of RSUs available for grant under the Amended Post-IPO RSU Scheme (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares, was 42,483,832, representing approximately10% of the total number of Shares in issue as at June 30, 2024.

Further, as at January 1, 2024, the Post-IPO RSU Scheme had no service provider sublimit under Chapter 17 of the Listing Rules. As at June 30, 2024, the maximum number of RSUs available for grant under the Amended Post-IPO RSU Scheme to Service Providers (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares to Service Providers, was 4,248,383, representing approximately 1% of the total number of Shares in issue as at June 30, 2024.

5. Vesting of Awards

The Board may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested. If the vesting date is not a business day, the vesting date shall, subject to any trading halt or suspension in the Shares, be the business day immediately thereafter.

In accordance with the Listing Rules, the vesting period shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances:

(i) grants of selected participants who are new joiners to the Group in order to replace any incentives that are lapsed and/or forfeited when leaving the previous employers;

(ii) where vesting of the Award is accelerated in accordance with the provisions of the Post-IPO RSU Scheme;

(iii) where the grants of Award contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions;

(iv) grants of Awards that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; and

grants of Awards with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months).

6. Termination

The Post-IPO RSU Scheme shall be valid and effective for the period of ten years commencing on the date when the Post-IPO RSU Scheme becomes unconditional (i.e. December 10, 2021) (subject to any early termination below) with a remaining life of approximately 7 years and 3 months as of the date of this report. The Post-IPO RSU Scheme shall terminate on the earlier of:

(i) the end of the period of ten years commencing on the date on which this scheme is adopted except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of such Award Shares or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and

(ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

7. Administration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme shall be subject to the administration of the Board in accordance with the Post-IPO RSU Scheme and, where applicable, the Trust Deed. The authority to administer the Post-IPO RSU Scheme may be delegated by the Board to a committee of the Board or any person(s) as deemed appropriate at the sole discretion of the Board. A decision of the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall be final and binding on all persons affected thereby. The Remuneration Committee is responsible for reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to the Post-IPO RSU Scheme.

As of January 1, 2024 (i.e. the beginning of the Reporting Period), there was 4,612,750 outstanding RSUs granted (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) under the Post-IPO RSU Scheme. During the Reporting Period and on or prior to June 27, 2024, 6,336,000 RSUs were granted by the Company under the Post-IPO RSU Scheme. After June 27, 2024 and during the Reporting Period, no RSUs have been granted under the Amended Post-IPO RSU Scheme.

The details of the movement in the RSUs under the Post-IPO RSU Scheme during the Reporting Period are set out below:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted	Number of shares underlying RSUs: outstanding as of 1 January 2024	granted during the Reporting Period (Note 3)	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of June 30, 2024	Vesting period	Performance targets	Fair value of RSUs at the date of grant (Note 4)
Directors or chief executive and their associates												
Dr. Xue	November 11, 2022	HK$2.68	918,750	-	37,500	-	-	37,500	881,250	4 years	Notes 1 and 2	2,150,000
	April 9, 2024	HK$0.305	-	1,800,000	-	-	-	-	1,800,000	4 years	Notes 1 and 2	496,800
Other employee participants												
	November 11, 2022	HK$2.68	2,397,000	-	-	304,000	-	161,750	1,931,250	4 years	Note 1	7,176,700
	November 11, 2022	HK$2.68	1,297,000	-	161,750	446,875	-	-	850,125	4 years	Note 2	3,143,300
	February 7, 2024	HK$0.41	-	3,636,000	-	-	-	-	3,636,000	4 years	Notes 1 and 2	1,345,320
	April 9, 2024	HK$0.305	-	900,000	-	-	-	-	900,000	4 years	Notes 1 and 2	248,400
Total:			4,612,750	6,336,000	199,250	750,875	-	199,250	9,998,625			

Notes:

1. The vesting of the RSUs granted are subject to the individual performance review as set out in the respective grant documents.
2. The vesting of the RSUs granted are subject to certain milestones or performance targets relating to the business development of the Group.
3. The RSUs granted during the Reporting Period had no exercise period or purchase price. Each of the RSUs were granted for nil consideration.
4. The fair value of RSUs at the date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements based on the closing price of grant day.

Further details of the Post-IPO RSU Scheme are set out in the Company's circular dated June 6, 2024.

POST-IPO SHARE OPTION SCHEME

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted by resolutions of our Shareholders on November 18, 2021 and as amended on June 27, 2024 is as follows.

1. Purpose

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

2. Grantees

Any individual, being an employee, a director (including executive directors, non-executive directors and independent non-executive directors), or a service provider of any member of our Group who the Board may in its absolute discretion select to grant a right to subscribe for such number of Shares (an "**Option**") as the Board may determine at the Subscription Price (as defined below) ("**Eligible Person**", for the purpose of this section), who accepts the offer or grant of an Option in accordance with the terms of the Post-IPO Share Option Scheme.

Service provider means any service provider (in particular scientists, medical doctors, other consultants, professionals and/or advisors engaged by the Group pursuant to the applicable contractual arrangements) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business (including the research, development, commercialisation, marketing and/or strategic planning of drug products) which are in the interests of the long-term growth of the Group, but shall exclude placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as the Auditor who provide assurance, or are required to perform their services with impartiality and objectivity ("**Service Providers**, each a "**Service Provider**", for the purpose of this section).

3. Maximum number of Shares for subscription

The maximum number of Shares which may be allotted and issued in respect of all Options that may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, shall not exceed 10 per cent of the issued share capital of the same class of the Company (excluding any treasury shares) as of June 27, 2024 (or of the date on which the refreshing of the 10 per cent limit is approved by the shareholders of the Company) (the "**Post-IPO Share Option Scheme Limit**"). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the 10 per cent limit. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded.

Subject to the above, the total number of Shares which may be allotted and issued in respect of all Options that may be granted to Service Providers under the Post-IPO Share Option Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares to Service Providers, shall not exceed 1 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of June 27,2024 (or of the date on which the refreshing of the limit is approved by the shareholders of the Company.

No Option may be granted to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the Post-IPO Share Option Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the Post-IPO Share Option Scheme or the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time, without Shareholders' approval.

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

As at January 1, 2024 (the beginning of the Reporting Period), the number of Options available for grant under the Post-IPO Share Option Scheme was 25,984,092, representing approximately 6.12% of the total number of Shares in issue as of January 1, 2024.

On June 27, 2024, the amended Post-IPO Share Option Scheme has been approved and adopted at the annual general meeting ("**Amended Post-IPO Share Option Scheme**"). Under the Amended Post-IPO Share Option Scheme, the scheme limit was refreshed to be the Post-IPO Share Option Scheme Limit. After June 27, 2024 and during the Reporting Period, no Options have been granted under the Amended Post-IPO Share Option Scheme.

For completeness, on or before June 27, 2024 and during the Reporting Period, 12,815,000 Options were granted under the Post-IPO Share Option Scheme. All outstanding Options granted prior to June 27, 2024, together with Options that have vested or lapsed under the Post-IPO Share Option Scheme, will not be counted towards the Post-IPO Share Option Scheme Limit.

Accordingly and as at June 30, 2024 (the end of the Reporting Period), the maximum number of Options available for grant under the Amended Post-IPO Share Option Scheme (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares, was 42,483,832, representing approximately 10% of the total number of Shares in issue as at June 30, 2024.

Further, as at January 1, 2024, the Post-IPO Share Option Scheme had no service provider sublimit under Chapter 17 of the Listing Rules. As at June 30, 2024, the maximum number of Options available for grant under the Amended Post-IPO RSU Scheme to Service Providers (i.e. maximum number of Shares which may be allotted and issued), taking into account the number of Shares in respect of which options or awards already granted under any other share scheme over Shares to Service Providers, was 4,248,383, representing approximately 1% of the total number of Shares in issue as at June 30, 2024.

4. Vesting of options

Subject to the Post-IPO Share Option Scheme, the Listing Rules and any applicable law and regulations, any options will become vested and exercisable and no longer be subject to becoming lapsed or cancelled or the repurchase right of the Company, according to the terms of the Post-IPO Share Option Scheme at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant option. In accordance with the Listing Rules, the vesting period (namely, the period between the date of commencement of the Post-IPO Share Option Scheme and the date on which the Option Period commences) shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances:

(i) grants of Options to Eligible Persons who are new joiners to the Group in order to replace any incentives that are lapsed and/or forfeited when leaving the previous employers;

(ii) where vesting of the Options granted is accelerated in accordance with the provisions of the Post-IPO Share Option Scheme;

(iii) where the grants of Options contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions;

(iv) grants of Options that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; and

grants of Options with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months), for the avoidance of doubt, any non-statutory long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period.

5. Subscription Price

No consideration is payable on application or acceptance of the Option granted under the Post-IPO Share Option Scheme. The amount payable for each Share to be subscribed for under an option ("**Subscription Price**") in the event of the Option being exercised shall be determined by the Board at its absolute discretion and notified to any grantee which shall be not less than the highest of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a business day; and

(ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company's Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

6. Time of exercise of an Option

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

7. Lapse of Option

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

(a) the expiry of the Option Period or other applicable exercisable periods under the Post-IPO Share Option Scheme;

(b) the date of the commencement of the winding-up of the Company;

(c) the date on which the Grantee ceases to be an Eligible Person of the Company by reason of the summary termination of his employment or office or service on any one or more of the grounds that he has been guilty of gross misconduct, or has been convicted of any criminal offense involving his integrity or honesty that seriously impair the interests or benefits of the relevant member of the Group or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant member of the Group would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with the relevant member of the Group;

(d) where the Grantee is an Eligible Person of a member of the Group (other than the Company), the date on which such member of the Group ceases to be a member of the Group;

(e) the date on which the Grantee commits a breach of selling, transferring, charging, assigning mortgage, encumber or creating any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option; or

(f) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

8. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional (i.e. 10 December 2021), after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The Post-IPO Share Option Scheme has a remaining life of approximately 7 years and 3 months as of the date of this report.

9. Termination

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

10. Administration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board. The Remuneration Committee is responsible for reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to the Post-IPO Share Option Scheme.

Other Information

As of January 1, 2024 (i.e. the beginning of the Reporting Period), there was 9,622,000 outstanding Options granted under the Post-IPO Share Option Scheme. During the Reporting Period and on or prior to June 27, 2024, 12,815,000 share options were granted by the Company under the Post-IPO Share Option Scheme. After June 27, 2024 and during the Reporting Period, no Options have been granted under the Amended Post-IPO Share Option Scheme.

The details of the movement in the Options under the Post-IPO Share Option Scheme during the Reporting Period are set out below:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the Options were granted [Note 3]	outstanding as of January1, 2024	granted during the Reporting Period	vested during the Reporting Period [Note 4]	lapsed during the Reporting Period	cancelled during the Reporting Period	exercised during the Reporting Period	outstanding as of June 30, 2024	Exercise price	Vesting period	Performance targets	Exercise period	Fair value of Options at the date of grant [Note 4]
Directors or chief executive and their associates														
Dr. Xue	November 11, 2022	HK$2.68	1,000,000	-	-	-	-	-	1,000,000	HK$2.68	4 years	Notes 1 and 2	Note 3	HK$960,179
	9 April 2024	HK$0.305	-	1,800,000	-	-	-	-	1,800,000	HK$0.315	4 years	Notes 1 and 2	Note 3	HK$241,932
Other employee participants														
	June 27, 2022	HK$3.81	2,997,000	-	-	188,000	-	-	2,809,000	HK$3.90	4 years	Note 1	Note 3	HK$8,761,843
	November 11, 2022	HK$2.68	4,515,000	-	-	676,000	-	-	3,839,000	HK$2.68	4 years	Note 1	Note 3	HK$4,619,074
	November 11, 2022	HK$2.68	1,110,000	-	-	446,875	-	-	663,125	HK$2.68	4 years	Note 2	Note 3	HK$1,264,714
	February 7, 2024	HK$0.41	-	10,115,000	-	150,000	-	-	9,965,000	HK$0.41	4 years	Notes 1 and 2	Note 3	HK$1,873,205
	April 9, 2024	HK$0.305	-	900,000	-	-	-	-	900,000	HK$0.315	4 years	Notes 1 and 2	Note 3	HK$120,966
Total:			9,622,000	12,815,000	-	1,460,875	-	-	20,976,125					

Notes:

1. The vesting of the Options granted are subject to the individual performance review as set out in the respective grant documents.

2. The vesting of the Options granted are subject to certain milestones or performance targets relating to business development of the Group.

3. The grantees may exercise the Options in whole or in part since the Options become vested and exercisable until the tenth anniversary of the date of grant so long as the grantee remains an eligible grantee.

4. The fair value of Options at the date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements based on the binomial model as at the date of grant, taking into account the terms and conditions upon which the options were granted.

Among the Options granted by the Company to the grantees under the Post-IPO Share Option Scheme, 1,800,000 Options were granted to Dr. Xue, the chairman of the Board, an executive Director and the chief executive officer of the Company, and hence, a connected person of the Company. The grant of Options to Dr. Xue was approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. Dr. Xue had abstained from voting on the resolutions relating to the Options granted to himself and had not been counted towards the quorum of the Board meeting in respect of such resolutions.

Others

Save as disclosed above, as of June 30, 2024, no outstanding awards, RSUs or share options was granted under the Pre-IPO Equity Incentive Scheme, the Post-IPO RSU Scheme and the Post-IPO Share Option Scheme to

(i) the Directors, chief executive or substantial Shareholders of the Company, or their respective associates;

(ii) participant with options and awards granted and to be granted in excess of the 1% individual limit; or

(iii) related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares.

Further details of the Post-IPO Share Option Scheme are set out in the Company's circular dated June 6, 2024.

COMPLIANCE WITH THE CG CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has complied and adopted the principles and the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with the principles and all applicable code provisions of the CG Code during the Reporting Period, save for the deviation from C.2.1 of the CG Code as disclosed below.

We have not separated the roles of the Chairman of the Board and the Chief Executive Officer. Dr. Xue has served as chairman of the board and general manager of CANbridge Life Sciences Ltd. since June 2012 and as Chairman of the Board, Director and Chief Executive Officer since the inception of our Company in January 2018. Dr. Xue is the founder of the Group and has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Dr. Xue is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of Chairman of the Board and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and four independent non-executive Directors.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Other Information

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee has three members comprising Mr. Peng Kuan Chan (chairperson), Mr. James Arthur Geraghty and Dr. Richard James Gregory, with its terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the unaudited interim results (including this report) of the Group for the six months ended June 30, 2024 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to, among others, financial reporting. The Audit Committee is of the opinion that the unaudited interim results of the Group for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, laws and regulations.

The consolidated financial statements of the Group for the Reporting Period have not been reviewed or audited by the Company's auditors.

LEGAL PROCEEDINGS

During the Reporting Period, as far as the Company is aware, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim of material importance that was pending or threatened against or by the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

CHANGE IN INFORMATION OF DIRECTORS

(i) Change in Directors and Composition of Board Committees

With effect from September 2, 2024, (a) Dr. Kan Chen has ceased to be a non-executive Director and a member of the Audit Committee, and (b) Dr. Richard James Gregory has been appointed as a member of the Audit Committee. For details, please refer to the relevant announcement of the Company dated September 2, 2024.

(ii) Change in Biographies of Directors

Mr. Peng Kuan Chan was appointed as the independent non-executive director of JW (Cayman) Therapeutics Co. Ltd (stock code: 2126.HK) on August 28, 2024.

Save as disclosed in this report, there are no other changes required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2024, the Group had 93 employees (December 31, 2023: 100 employees). The Group's employees' remuneration consists of salaries, bonuses, share-based incentive plans, an employees' provident fund, and social security contributions and other welfare payments. In accordance with applicable laws in China and other relevant jurisdictions, we have made contributions to social security insurance funds (including pension plans, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance) and housing funds for the employees of the Group.

We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees periodically in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills.

During the Reporting Period, the total staff costs (including Director's emoluments) were approximately RMB54.1 million (for the six months ended June 30, 2023: RMB78.4 million).

KEY EVENTS AFTER THE REPORTING PERIOD

Except as disclosed above, as of the date of this report, the Company has no key events after the Reporting Period that need to be brought to the attention of the Shareholders.

By Order of the Board
CANbridge Pharmaceuticals Inc.
北海康成製藥有限公司
Dr. James Qun Xue
Chairman

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	4	**44,794**	43,051
Cost of sales		**(15,357)**	(16,374)
Gross profit		**29,437**	26,677
Other income and gains		**7,186**	8,529
Selling and distribution expenses		**(39,780)**	(38,334)
Administrative expenses		**(35,661)**	(48,187)
Research and development expenses		**(173,256)**	(142,975)
Other expenses		**(30,626)**	(19,412)
Finance costs		**(4,569)**	(4,459)
LOSS BEFORE TAX	5	**(247,269)**	(218,161)
Income tax expense	6	**–**	–
LOSS FOR THE PERIOD		**(247,269)**	(218,161)
Attributable to:			
Owners of the parent		**(247,269)**	(218,161)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT(EXPRESSED IN RMB PER SHARE)			
– Basic and diluted	8	**(0.58)**	(0.51)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
LOSS FOR THE PERIOD	**(247,269)**	(218,161)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(11,465)**	(60,656)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(11,465)**	(60,656)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**13,490**	79,932
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**13,490**	79,932
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**2,025**	19,276
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(245,244)**	(198,885)
Attributable to:		
Owners of the parent	**(245,244)**	(198,885)

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**7,525**	9,180
Right-of-use assets		**67,598**	99,827
Intangible assets		**71,616**	76,491
Total non-current assets		**146,739**	185,498
CURRENT ASSETS			
Inventories		**12,673**	8,783
Trade receivables	10	**28,464**	31,228
Prepayments, other receivables and other assets		**11,973**	10,847
Cash and bank balances	11	**49,098**	137,491
		102,208	188,349
Non-current assets classified as held for sale		**–**	21,515
Total current assets		**102,208**	209,864
CURRENT LIABILITIES			
Trade payables	12	**307,237**	198,054
Other payables and accruals		**68,451**	81,162
Interest-bearing bank and other borrowings		**30,307**	23,690
Lease liabilities		**11,193**	11,034
		417,188	313,940
Advances received for disposal of non-current assets classified as held for sale		**–**	14,005
Total current liabilities		**417,188**	327,945
NET CURRENT (LIABILITIES)		**(314,980)**	(118,081)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(168,241)**	67,417

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**15,500**	6,625
Lease liabilities		**96,497**	100,580
Total non-current liabilities		**111,997**	107,205
Net (liabilities)		**(280,238)**	(39,788)
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	**28**	28
Treasury shares		**–**	–
Reserves		**(280,266)**	(39,816)
Total (deficit)		**(280,238)**	(39,788)

Executive Director: Dr. James Qun Xue

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	Share premium RMB'000	Contributed surplus RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total equity/ (deficit) RMB'000
At 31 December 2023 (audited)	28	–**	3,463,496	9,581	103,717	(3,789,442)	172,832	(39,788)
Loss for the period	–	–	–	–	–	(247,269)	–	(247,269)
Exchange realignment	–	–	–	–	–	–	2,025	2,025
Total comprehensive income for the period	–	–	–	–	–	(247,269)	2,025	(245,244)
Issue of shares from exercise of share options	–	–	18,544	–	(18,505)	–	–	39
Share-based payments	–	–	–	–	4,755	–	–	4,755
At 30 June 2024 (unaudited)	28	–**	3,482,040*	9,581*	89,967*	(4,036,711)*	174,857*	(280,238)

	Attributable to owners of the parent						
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total equity RMB'000
At 31 December 2022 (audited)	28	3,461,675	9,581	85,545	(3,410,605)	162,331	308,555
Loss for the period	–	–	–	–	(218,161)	–	(218,161)
Exchange realignment	–	–	–	–	–	19,276	19,276
Total comprehensive income for the period	–	–	–	–	(218,161)	19,276	(198,885)
Issue of shares from exercise of share options	–	1,963	–	(1,913)	–	–	50
Share-based payments	–	–	–	13,721	–	–	13,721
At 30 June 2023 (unaudited)	28	3,463,638	9,581	97,353	(3,628,766)	181,607	123,441

* These reserve accounts comprise the consolidated reserves of RMB(280,266,000) in the interim condensed consolidated statements of financial position as at 30 June 2024.

** Less than RMB1,000.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(247,269)**	(218,161)
Adjustments for:			
Finance costs		**4,569**	4,459
Foreign exchange differences, net	5	**3,588**	16,772
Interest income		**(441)**	(7,065)
Loss on disposal of items of property, plant and equipment		**450**	2,054
Loss on disposal of intangible assets		**88**	–
Loss/(gain) on disposal of right-of-use assets		**19**	(238)
Depreciation of property, plant and equipment	5	**1,056**	1,704
Amortisation of intangible assets	5	**5,244**	3,529
Depreciation of right-of-use assets	5	**7,415**	8,451
Impairment of inventories	5	**57**	–
Impairment of right-of-use assets	5	**26,270**	–
Gain on disposal of assets classified as held for sale		**(6,495)**	–
Share-based payment expenses	14	**4,755**	13,721
		(200,694)	(174,774)
Increase in inventories		**(3,947)**	(10,059)
Decrease/(increase) in trade receivables		**2,764**	(7,333)
(Increase)/decrease in prepayments, other receivables and other assets		**(936)**	750
Increase in trade payables		**109,183**	64,694
Decrease in other payables and accruals		**(15,110)**	(50,345)
Interest received		**441**	7,065
Net cash flows used in operating activities		**(108,299)**	(170,002)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of non-current assets classified as held for sale		**14,005**	–
Proceeds from disposal of items of property, plant and equipment		**12**	–
Purchases of items of property, plant and equipment		**(14)**	(3,290)
Additions to intangible assets		**–**	(101)
Net cash flows from/(used in) investing activities		**14,003**	(3,391)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of options		**39**	50
Decrease in deposits pledged for lease		**6,405**	–
Proceeds from bank and other borrowings		**27,932**	9,800
Repayment of bank and other borrowings		**(12,461)**	(13,367)
Interest paid on bank loans		**(997)**	(733)
Payment of lease liabilities		**(9,006)**	(10,680)
Net cash flows from/(used in) financing activities		**11,912**	(14,930)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(82,384)**	(188,323)
Cash and cash equivalents at beginning of period		**124,901**	451,157
Effect of foreign exchange rate changes, net		**396**	8,326
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**42,913**	271,160
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**49,098**	283,558
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	11	**49,098**	283,558
Pledged deposits	11	**(6,185)**	(12,398)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		**42,913**	271,160

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 January 2018. The registered office address of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. During the period, the Group was principally engaged in the research and development and commercialisation of medical products.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from 10 December 2021.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS34 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.

As at 30 June 2024, the Group had net liabilities of RMB280,238,000 and incurred a net loss of RMB247,269,000 during the six months ended 30 June 2024. Such liquidity position and financial performance indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Certain measures have been and will continue to be taken by the Company to mitigate the liquidity pressure and to improve the Group's liquidity position and financial performance which include, but not limited to, the following:

(i) the Group is actively, with the support of professional financial advisors, seeking for and negotiating with potential investors to obtain new sources of financing or explore the opportunities of strategic investment. As at the date of this report, discussions are on-going but no binding agreements have been entered into;

(ii) the Group is actively negotiating with certain third parties on the out-licensing, co-development of the Group's pipeline assets such as gene therapy assets, to abate its development cost, streamline its operations further and improve liquidity position. As at the date of this report, discussions are in early stages and no binding agreements have been entered into;

(iii) the Group has taken active measures to control selling and administrative costs and research and development costs, such as further reprioritisation of pipelines, containment and reduction of employee costs, lessening rental space to reduce rental costs, shutting US research and development center, etc. The Group will continue these ongoing efforts to strictly control the operating costs;

2.1 BASIS OF PREPARATION (CONTINUED)

(iv) the Group obtained certain new credit facilities from two banks in China in the total amount of RMB30 million during the period of six months ended 30 June 2024. The Group has been and will continue actively negotiating with banks for renewal and extension of existing bank borrowings that will become due during the 12-month period following 30 June 2024, and explore new borrowings both onshore and offshore. Discussions regarding the new borrowings from banks onshore and offshore are on-going but no binding agreements have been entered into. The Group will also continue to actively negotiate with the suppliers to extend the credit terms based on amicable relationships with the suppliers; and

(v) the Group will further improve the profitability with two commercialized products, namely Hunterase® and Livmarli®, to generate cash inflow for the Group.

Assuming that the above-mentioned plans and measures will succeed and having reviewed the Group's cash flow projections prepared by management, which cover a period of twelve mo nths from 30 June 2024, the board of directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above and continue to operate as a going concern. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful obtaining of financing or strategic capital investments in the Group;

(ii) the successful signing of binding agreement with third parties to license out certain of its products or pipelines;

(iii) the successful and timely implementation of the plans to control costs and reduce expenditures;

(iv) the successful obtaining of continuous support from the banks for provision of new bank loans under the approved back-up facilities and renewal and extension of existing bank borrowings;

(v) the successful negotiation with the suppliers to extend the credit terms of payables; and

(vi) the successful increase of profitability of commercialized products.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to these consolidated financial statements to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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.

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

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

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

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one reportable operating segment, which is the development, production, marketing and sale of medical products.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chinese Mainland	**23,905**	19,659
Other countries/regions	**20,889**	23,392
	44,794	43,051

(b) Non-current assets

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Chinese Mainland	**5,088**	6,726
Other countries/regions	**141,651**	178,772
	146,739	185,498

The non-current asset information above is based on the locations of the assets.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**44,794**	43,051
Disaggregated revenue information for revenue from contracts with customers		
Types of goods or services		
Sale of medical products	**44,794**	43,051
Timing of revenue recognition		
Goods transferred at a point in time	**44,794**	43,051

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**15,357**	16,374
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**150,104**	105,977
Depreciation of property, plant and equipment	**1,056**	1,704
Depreciation of right-of-use assets	**7,415**	8,451
Amortisation of intangible assets	**5,244**	3,529
Lease payments not included in the measurement of lease liabilities	**1**	352
Auditor's remuneration	**2,000**	1,500
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**44,447**	59,670
Pension scheme contributions	**2,233**	2,491
Staff welfare expenses	**2,659**	2,747
Share-based payment expenses	**4,718**	13,525
	54,057	78,433
Foreign exchange difference, net	**3,588**	16,772
Impairment of right-of-use assets	**26,270**	–
Impairment of inventories	**57**	–

6. INCOME TAX EXPENSE

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

Cayman Islands

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

Hong Kong

Hong Kong profits tax has been provided at the rate of 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 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Taiwan

The subsidiary incorporated in Taiwan is subject to income tax at a rate of 20% on the estimated assessable profits arising in Taiwan during the period.

Chinese Mainland

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

United States of America

The subsidiary incorporated in Delaware, the United States was subject to statutory United States federal corporate income tax at a rate of 21% during the period.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement became effective on 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

7. DIVIDENDS

No dividends have been declared and paid by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 424,824,445 in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: 424,306,307).

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil) as the impact of the share options and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(247,269)**	(218,161)

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**424,824,445**	424,306,307

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB14,000 (six months ended 30 June 2023: RMB2,874,000).

Assets with a net book value of RMB653,000 were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB2,054,000), resulting in a net loss on disposal of RMB450,000 (six months ended 30 June 2023: RMB 2,054,000).

10. TRADE RECEIVABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	**28,464**	31,228
	28,464	31,228

The Group has applied the simplified approach to provide for expected credit losses ("ECLs") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing. Because there was no history of default of trade receivables, the Company assessed that the expected loss rate of trade receivables of the Group was very low. The Company also assessed that there was no significant change in the ECL rates during the period, mainly because there was no change of historical default rates of trade receivables and there were no significant changes in the economic conditions and performance and behaviour of the customers, based on which the ECL rates were determined. The directors of the Company are of the opinion that the ECL in respect of the balances of trade receivables is minimal.

No loss allowance for impairment of trade receivables is provided as at 30 June 2024 (31 December 2023: Nil).

11. CASH AND BANK BALANCES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and bank balances	**49,098**	137,491
Less:		
Pledged deposits*	**(6,185)**	(12,590)
Cash and cash equivalents	**42,913**	124,901

* This represented pledged deposits in commercial banks held as collateral for issuance of letters of credit. None of these deposits are either past due or impaired.

12. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 6 months	**165,816**	80,753
Over 6 months	**141,421**	117,301
	307,237	198,054

13. SHARE CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
424,838,320 (31 December 2023: 424,562,120) ordinary shares	**28**	28

14. SHARE-BASED PAYMENT SCHEMES

The Company operates share-based payment schemes (the "Scheme(s)") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Company's directors, the Group's employees and non-employee consultants.

The 2016 Plan

A share incentive plan (the "2016 Plan") became effective in April 2016 when the board of directors of CANbridge Beijing approved the 2016 Plan. The maximum aggregate number of shares that may be issued under this plan is 1,250,000 ordinary shares of CANbridge Beijing. The 2016 Plan permits the awards of share options through a limited liability partnership (the "LLP"). The participants will indirectly hold share options of CANbridge Beijing through direct holding of the LLP's interest. As part of the red-chip restructuring of the Company and its subsidiaries, the New Plan (see definition below) was adopted to replace the 2016 Plan and the shares were granted to replace the shares of CANbridge Beijing previously granted.

14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

The New Plan

A new share incentive plan (the "New Plan") became effective on 25 July 2019 when the board and the shareholders approved the New Plan. The New Plan will continue in effect for a term of ten years unless sooner terminated. The maximum number of shares that may be subject to the awards granted and sold under this New Plan is 2,855,650 shares, which comprises 1,250,000 shares reserved under the New Plan to substitute the shares of CANbridge Beijing previously granted under the 2016 Plan and 1,605,650 additional shares.

In July 2021, as approved by the board of directors, the Company amended the New Plan to increase the maximum number of shares that may be subject to the awards to 5,454,923.

The share options have vesting terms in schedule from the grant date over 4 to 5 years on the condition that the directors and employees remain in service and fulfil certain performance conditions of individuals.

Post-IPO Share Option Plan and Post-IPO RSU Plan

The Company adopted the post-IPO share option scheme (the "Post-IPO Share Option Plan") and post-IPO share award scheme (the "Post-IPO RSU Plan"), as approved by resolutions of shareholders on 18 November 2021 and amended on June 27, 2024 for the purpose of aligning the interests of eligible persons to make contributions to the long-term growth and profits of the Group. Eligible persons may include any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them). The Post-IPO Share Option Plan and Post-IPO RSU Plan will continue in effect for a term of ten years.

The maximum number of shares may be granted under the Post-IPO Share Option Plan, when aggregated with the maximum number of shares in respect of which options or awards may be granted under any other share scheme over shares, shall not exceed 10% of the issued share capital of the Company as of June 27, 2024 (or of the date on which the refreshing of the 10% limit is approved by the shareholders of the Company). The maximum number of shares underlying all grants made pursuant to the Post-IPO RSU Plan, when aggregated with the maximum number of shares in respect of which options or awards may be granted under any other share scheme over shares, shall not exceed 10% of the issued share capital of the Company as of June 27, 2024 (or of the date on which the refreshing of the 10% limit is approved by the shareholders of the Company).

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is a proposed recipient of the grant of an Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or their respective associates, in excess of 0.1% of the shares of the Company in issue (excluding any treasury shares) at any time, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options shall be accepted within the time period specified in the offer. The exercise period of the share options granted is determinable by the Board. This period must expire no later than ten years from the relevant date of grant.

14. SHARE-BASED PAYMENT SCHEME (CONTINUED)

Post-IPO Share Option Plan and Post-IPO RSU Plan (continued)

The exercise price of share options is determinable by the Board, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant.

For those awards, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based payment expenses are then adjusted to reflect the revision of original estimates.

There are no cash settlement alternatives. The group does not have a past practice of cash settlement for these share options. The Group accounts for the Schemes as equity-settled plans.

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

Share options

During the six months ended 30 June 2023, there were no share options granted.

During the six months ended 30 June 2024, the Company granted a total of 12,815,000 options under the Post-IPO Share Option Plan to 29 employees. The vesting schedule of 9,125,000 options granted would be subject to a service-based vesting condition, which would be satisfied over a four-year term as well as its individual performance review. The vesting schedule of the 3,690,000 options granted would be subject to the performance-based conditions including the achievement or attainment of the performance targets by the Company within four years from the date of grant.

The following share options were outstanding under the New Plan and the Post-IPO Share Option Plan during the reporting period:

	Number of share options	Weighted average exercise price per share option RMB
At 1 January 2024 (audited)	**48,608,855**	**4.69**
Granted during the period	**12,815,000**	**0.35**
Forfeited during the period	**(7,518,724)**	**3.87**
Exercised during the period	**(276,200)**	**0.14**
At 30 June 2024 (unaudited)	**53,628,931**	**3.83**

14. SHARE-BASED PAYMENT SCHEME (CONTINUED)

Share options (continued)

	Number of share options	Weighted average exercise price per share option RMB
At 1 January 2023 (audited)	51,469,786	4.44
Forfeited during the period	(552,000)	4.26
Exercised during the period	(101,000)	0.49
At 30 June 2023 (unaudited)	50,816,786	4.58

The exercise prices and exercise periods of the share options outstanding as at 30 June 2024 are as follows:

Six months ended 30 June 2024

Number of options	Exercise price	Exercise period
150,000	RMB0.15	2017-2026
100,000	RMB0.54	2017-2029
250,000	RMB0.54	2020-2033
10,000	RMB0.62	2017-2027
120,000	RMB1.27	2019-2030
400,000	US$0.19	2019-2032
8,878,680	US$0.52	2019-2030
2,880,210	US$0.59	2020-2033
300,000	US$0.71	2020-2034
10,595,130	US$0.75	2021-2035
8,968,786	US$1.18	2022-2036
2,809,000	HKD$3.90	2023-2026
5,502,125	HKD$2.68	2023-2026
9,965,000	HKD$0.41	2025-2028
2,700,000	HKD$0.32	2025-2028
53,628,931		

14. SHARE-BASED PAYMENT SCHEME (CONTINUED)

Fair value of share options

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the key assumptions that the model used.

	2024
Expected volatility (%)	**46.23-46.64**
Risk-free interest rate (%)	**3.65-3.88**
Expected life of options (year)	**0.42-9.83**
Weighted average share price (US$ per share)	**0.04-0.05**

The risk-free interest rate was based on the yield of the Hong Kong Bond as of each valuation date. The volatility was estimated based on historical volatility of comparable companies as of the valuation date. The expected life of the options is based on the historical data over the past years and is not necessarily indicative of the exercise patterns that may occur.

The Group recognised share-based payment expenses of RMB3,765,000 in relation to share options for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB12,028,000).

As at 30 June 2024, the Company had 53,628,931 share options outstanding under the New Plan and the Post-IPO Share Option Plan. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 53,628,931 additional ordinary shares of the Company and additional share capital of RMB4,000.

Restricted share units

During the year ended 31 December 2023, there were no RSUs granted.

During the six months ended 30 June 2024, the Company granted a total of 6,336,000 RSUs under the Post-IPO RSU Plan to 21 employees. The RSUs granted to employees are accounted for as equity awards and measured at their granted date fair values.

The vesting schedule of the RSUs granted would be subject to both the service-based conditions and the performance-based conditions. The time-based conditions would be satisfied over four years from the date of grant. The performance-based RSUs shall vest in the grantee conditional upon the achievement or attainment of the performance targets by the Company within four years from the date of grant.

The Group recognized share-based payments expenses of RMB990,000 in relation to RSUs for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB1,693,000).

14. SHARE-BASED PAYMENT SCHEME (CONTINUED)

Restricted share units (continued)

The following RSUs were outstanding under the Post-IPO RSU Plan during the reporting period:

	Number of RSUs
At 1 January 2024 (audited)	**4,612,750**
Granted during the period	**6,336,000**
Forfeited during the period	**(750,875)**
Exercised during the period	**(199,250)**
At 30 June 2024 (unaudited)	**9,998,625**

	Number of RSUs
At 1 January 2023 (audited)	5,650,000
Forfeited during the period	(80,000)
At 30 June 2023 (unaudited)	5,570,000

15. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the view that the following companies are related parties that had transactions or balances with the Group during the reporting period:

Name of related parties	Relationship with the Group
Shanghai Medkey Med-Tech Development Co.,Ltd	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Suzhou) Co., Ltd.	An entity controlled by one of the Company's major shareholders
WuXi AppTec (Shanghai) Co., Ltd.	An entity controlled by one of the Company's major shareholders

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June 2024 RMB'000	2023 RMB'000
Purchase of services:			
WuXi AppTec (Suzhou) Co., Ltd.	(i)	**251**	30
Shanghai Medkey Med-Tech Development Co., Ltd.	(i)	**1,008**	362
WuXi AppTec (Shanghai) Co., Ltd.	(i)	**544**	512

Notes:

(i) WuXi AppTec (Suzhou) Co., Ltd., Shanghai Medkey Med-Tech Development Co.,Ltd, and WuXi AppTec (Shanghai) Co., Ltd. provided Contract Research Organization ("CRO") services to the Group.

The transactions were carried out in accordance with mutually agreed terms and conditions.

(c) Outstanding balances with related parties

	30 June 2024 RMB'000	31 December 2023 RMB'000
Amounts due to related parties：		
WuXi AppTec (Suzhou) Co., Ltd.	**1,629**	1,824
Shanghai Medkey Med-Tech Development Co.,Ltd	**1,009**	12
WuXi AppTec (Shanghai) Co., Ltd.	**1,409**	1,467

This balance is unsecured, interest-free and has no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	**2,539**	3,185
Post-employment benefits	**93**	107
Share-based payments	**1,405**	2,347
Total	**4,037**	5,639

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 the fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
Financial liabilities				
Non-current portion of Interest-bearing bank borrowings	**15,500**	6,625	**15,684**	7,151

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank and other borrowings 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. 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 fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 were assessed to be insignificant.

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

Fair value hierarchy

The Group did not have any financial assets or financial liabilities measured at fair value as at 30 June 2024 (31 December 2023: Nil).

The Group did not have any financial assets disclosed at fair value as at 30 June 2024 (31 December 2023: Nil).

Liabilities for which fair values are disclosed:

As at 30 June 2024 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	15,684	–	15,684

As at 31 December 2023 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	7,151	–	7,151

17. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events after the end of reporting period.

18. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 29 August 2024.