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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1228)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board of directors (the "**Board**") of CANbridge Pharmaceuticals Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the six months ended June 30, 2022 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2021 as follows. These consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee in conjunction with the Company's external auditors, Ernst & Young.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

BUSINESS HIGHLIGHTS

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

***Hunterase® (CAN101)**, targeting MPS II/Hunter syndrome.*

- CANbridge commercial team has made good progress in Hunterase®, launched in May 2021 in mainland China. Identification of new patients is accelerating as is the expansion of commercial insurance coverage. Since launch, we have identified 539 patients as of June 30, 2022. In addition, in China, Hunterase has entered into 5 provinces and 42 cities' government endorsement commercial insurance programme ("Huiminbao").

CAN108 (maralixibat), *an oral, minimally absorbed reversible inhibitor of the ileal bile acid transporter (IBAT) that is under development to treat rare cholestatic liver diseases. Maralixibat* (LIVMARLI®) *is approved to treat Alagille syndrome (ALGS) in the United States (U.S.) and is under investigation for the treatment of progressive familial intrahepatic cholestasis (PFIC) and biliary atresia (BA). CANbridge has the exclusive rights to develop, commercialize, and in some cases, manufacture CAN108 in Greater China.*

- Dosed the first patient in the Phase 2 EMBARK[1] study of CAN108 (maralixibat oral solution (LIVMARLI®)) in biliary atresia (BA) in China, at Children's Hospital of Capital Institute of Pediatrics (CIP), in Beijing. The clinical trial in China is part of the global EMBARK study in BA. The multi-center randomized controlled Phase 2 study to evaluate the efficacy and safety of CAN108 in the treatment of patients with BA after Kasai surgery is expected to enroll up to 20 patients in China and 72 patients globally.

- Announced that CAN108 (maralixibat oral solution (LIVMARLI®)) has been approved for the treatment for ALGS under the Early and Pilot Implementation Policy in Boao Lecheng International Medical Tourism Pilot Zone. This allows CAN108 to be imported and used as an urgently needed drug in the region.

- Announced that the China's National Medical Products Administration (NMPA) and the Taiwan Food and Drug Administration (TFDA) have accepted the New Drug Application/Orphan Drug Registration (NDA/ODR) for CAN108 (maralixibat oral solution (LIVMARLI®)) for the treatment of cholestatic pruritus in patients with Alagille syndrome (ALGS) 1 year of age and older. LIVMARLI (maralixibat) oral solution was approved in 2021 by the U.S. Food and Drug Administration (FDA) for the treatment of cholestatic pruritus in patients with Alagille syndrome (ALGS) 1 year of age and older. CAN108 has also been granted priority review by the NMPA with a potential approval in the first half of 2023.

CAN106, *a humanized monoclonal antibody for the treatment of complement-mediated diseases, including paroxysmal nocturnal hemoglobinuria (PNH) and various other complement-mediated diseases that are targeted by anti-C5 antibodies.*

- Reported positive top-line CAN106 Phase 1 data from Singapore trial in February 2022. Results suggest complete blockade of complement function at safe and well-tolerated doses.

1: About the EMBARK Study: EMBARK is a Mirum Pharmaceuticals-sponsored global Phase 2 study to evaluate the efficacy and safety of maralixibat in the treatment of patients with BA after Kasai surgery (NCT04524390). The 26-week randomized controlled trial, to be followed by a 78-week open label extension study, is being conducted at multiple sites in North America, Europe, and Asia, including China. There are currently no pharmacological agents approved for the treatment of patients with biliary atresia.

- Dosed the first patient in the CAN106 Phase 1b/2 trial for treatment of paroxysmal nocturnal hemoglobinuria (PNH) in China. The multi-center, open-label, phase 1b/2 study to evaluate the tolerability, efficacy, safety and PK/PD of CAN106 administered intravenously to complement inhibitor treatment-naïve PNH patients, is under the direction of principal investigator, Bing Han, MD, PhD, Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China. CAN106 was previously shown to be safe and well-tolerated, with dose-dependent and linear pharmacokinetic exposure, in a study of healthy volunteers in Singapore. The data also showed that free C5 and CH50 could be effectively inhibited. Based on these results, the NMPA approved the CAN106 Phase 1b/2 trial for the treatment of patients with PNH. The trial is composed of three cohorts. Enrollment in cohorts 1 and 2 is expected to be completed by the third quarter of 2022. Depending on the results from cohorts 1 and 2, we expect to initiate cohort 3 by the end of 2022. And we expect to have interim data in the fourth quarter of 2022 or in the first quarter of 2023.

CAN008, *a glycosylated CD95-Fc fusion protein being developed for the treatment of glioblastoma multiforme (GBM).*

- Enrollment continues in the CAN008 Phase 2 trial in patients with newly diagnosed GBM in China during the reporting period. This multi-center, randomized, double-blind, placebo-controlled trial will evaluate the efficacy of CAN008 and explore the correlation between different biomarkers and treatment outcome. We anticipate completing trial enrollment at the end of 2022 with a potential interim read out in the second half of 2023.

- CANbridge expects to commercialize CAN008 in China as a combination therapy with the standard of care for GBM (radiotherapy plus chemotherapy).

CAN103, *an enzyme replacement therapy (ERT) for the treatment of Gaucher disease (GD).*

- Dosed the first patient in the CAN103 Phase 1/2 for the treatment of patients with Gaucher disease (GD) Types I and III in China in July 2022. The multi-center Phase 1/2 clinical trial will consist of two parts: Part A (Phase 1) is an open-label study to evaluate the safety, tolerability and pharmacokinetics of different dose levels of CAN103 in a small number of treatment-naïve subjects with Gaucher disease Type I. Part B (Phase 2) is a randomized, double-blind, parallel group, dose comparison study to assess the safety and efficacy of CAN103 in a larger number of subjects with Gaucher disease Type I or III. According to Frost & Sullivan, there were approximately 3,000 GD patients in 2020 in China.

Gene Therapy, *advanced the world-class CANbridge gene therapy platform, focusing on adeno-associated virus (AAV) as a gene delivery vehicle, with potential as a one-time durable therapy for many genetic diseases.*

- Presented initial data from the CANbridge gene therapy research agreement with the Horae Gene Therapy Center, at the UMass Chan Medical School, at the 2022 American Society of Gene and Cell Therapy (ASGCT) Annual Meeting in May 2022. Data from a novel second-generation scAAV9 gene therapy, expressing co-hSMN1 from an endogenous hSMN1 promoter, demonstrated superior potency, efficacy and safety in mice with spinal muscular atrophy (SMA), compared to the benchmark vector, scAAV9-CMVen/CB-hSMN1, which is similar to the vector used in the gene therapy approved by the FDA for the treatment of SMA. This is the first data to be presented from the gene therapy research collaboration between CANbridge and the Gao Lab at the Horae Gene Therapy Center.

Organizational Updates:

- Formed a world-class Complement Disease Scientific Advisory Board focused on the global development of CAN106, a novel, long-acting monoclonal antibody directed against C5 complement in July 2022. CANbridge is developing CAN106 for the treatment of paroxysmal nocturnal hemoglobinuria (PNH) and other complement-mediated diseases. CAN106 is currently in a Phase 1b/2 PNH trial in China. The advisory board will offer guidance on the CAN106 clinical development program, as well as explore the potential for CAN106 in other indications.

  The members of scientific advisory board are:

  - **Anthony Amato, MD**, Brigham and Women's Hospital Distinguished Chair in Neurology, Chief of the Neuromuscular Division and Director of the Clinical Neurophysiology Laboratory at Brigham and Women's Hospital, and Professor of Neurology at Harvard Medical School.

  - **Robert Colvin, MD,** Pathologist-in-Chief, Emeritus at Massachusetts General Hospital, and the Benjamin Castleman Distinguished Professor of Pathology at Harvard Medical School.

  - **Gerald Cox, MD, PhD,** Chief Development Strategist & Interim Chief Medical Officer, Clinical geneticist and pediatrician at Boston Children's Hospital, Former Chief Medical Officer at Editas Medicine, Vice President, Rare Disease Clinical Development at Sanofi.

  - **Jean Francis, MD**, Medical Director of the Kidney Transplant Program at Boston Medical Center and Boston University School of Medicine, Medical Director of the Combined Pancreas Transplant Program at Boston Medical Center and Brigham and Women's Hospital, and Associate Professor of Medicine at Boston University School of Medicine.

  - **Richard Polisson, MD, MHSc**, Clinical Development Consultant and, most recently, former Chief Medical Officer at Artax Biopharma.

  - **Sushrut Waikar, MD, MPH**, Chief of Nephrology at Boston Medical Center and the Norman G. Levinsky Professor of Medicine at Boston University School of Medicine, and formerly the Constantine L. Hampers, MD Distinguished Chair in Renal Medicine at Brigham and Women's Hospital.

  - **Brian Weinshenker, MD**, Professor of Neurology at the University of Virginia, and formerly Professor of Neurology at Mayo Clinic.

- Appointed Mr. Edward Hu ("**Mr. Hu**") as a non-executive director of the Company (the "**Director(s)**") and a member of the remuneration committee of the Board (the "**Remuneration Committee**"), replacing Mr. Xiao Le, effective from July 5, 2022. Mr. Hu brings to the Company a deep and varied C-level biopharmaceutical experience, having served as both Co-Chief Executive Officer and Chief Financial Officer at WuXi AppTec before his current position of Vice Chairman, Global Chief Investment Officer, Executive Director, Strategy Committee Member. Before then, Mr. Hu was Chief Financial Officer and Chief Operating Officer at WuXi PharmaTech. Prior to his roles at WuXi, Mr. Hu held multiple senior management roles, culminating in that of Senior Vice President and Chief Operating Officer at Tanox Inc., a NASDAQ-traded public company, which was acquired by Genentech. Prior to that, Mr. Hu served as business planning manager of Biogen Inc, and before then, as senior financial analyst at Merck. Mr. Hu is currently a non-executive director of CStone Pharmaceuticals and a director of Ambrx Biopharma. Previously, he also served as non-executive director of WuXi Biologics, as well as a director of Viela Bio Inc, which was acquired by Horizon Therapeutics in March 2021. Mr. Hu received a bachelor's degree in physics from Hangzhou University (currently, Zhejiang University), in Zhejiang province, China. He also has a master's degree in chemistry and a master's degree in business administration, both from Carnegie Mellon University, in Pittsburgh, Pennsylvania.

- Appointed Dr. Lan Hu ("**Dr. Hu**"), Ph.D. as an independent non-executive Director and a member of the Remuneration Committee, effective from February 16, 2022. Dr. Hu has a rich background in healthcare investment, operations and administrative management and is a seasoned entrepreneur, having founded Beijing Amcare Women's & Children's Hospital Co., Ltd. in 2004, where she also served as Director, Chairman of the Board and General Manager. She is currently also serving as the chairman of the board and general manager of Beijing Amcare Medical Management Co., Ltd., the chairman of the board of Beijing Meizhong Airui Tumor Hospital Co., Ltd., the independent director of Beijing Yida Shidai Technology Development Co., Ltd. and the executive director and general manager of Beijing Xuanhe Yazhi Management Consulting Co., Ltd. She obtained a bachelor's degree in medicine from Peking University in 1993, further obtained a Ph.D. in medical sciences from Medical College of Ohio in 2000 and a master's degree in business administration from University of Michigan in 2002.

- With effect from February 16, 2022, (i) Mr. James Arthur Geraghty ("**Mr. Geraghty**") has ceased to be a member of the Remuneration Committee; (ii) Dr. Richard James Gregory has ceased to be a member of the audit committee of the Board (the "**Audit Committee**"); and (iii) Mr. Geraghty was appointed as a member of the Audit Committee.

- Appointed Dr. Pauline Li ("**Dr. Li**"), MD, to the position of Senior Vice President of Clinical Development and Operations in reporting period. Dr. Li brings to CANbridge a wealth of international clinical development experience, in both small molecule and biologic products, across multiple indications and markets. Most recently, she was at Connect Biopharma, where she held the position of Vice President of Clinical Development and was responsible for creating and implementing the clinical development strategy. During her time there, she oversaw five NMPA IND approvals, three FDA IND approvals, eight clinical trial initiations and six clinical trial completions. Before then, she was Executive Director of Clinical Operations at Shanghai Haihe Pharmaceutical Company, Ltd. and Medical & Scientific Affairs Director at Servier China. Earlier, Dr. Li held multiple clinical development and medical roles at leading multinational pharmaceutical companies, including Medical Director at Takeda China, Head of the Medical Affairs at Bayer Healthcare, Senior Medical Manager at Xi'an Janssen and Medical Manager at Shanghai Roche. Dr. Li began her career as a cardiologist at Beijing Fuwai Heart Disease Hospital in Beijing, China.

FINANCIAL HIGHLIGHTS

- Our cash position was approximately RMB604.6 million as of June 30, 2022.

- Our revenue increased by RMB22.5 million from RMB12.2 million for the six months ended June 30, 2021 to RMB34.7 million for the six months ended June 30, 2022, which was mainly attributable to the increase of sales from Hunterase® and Nerlynx®.

- Our research and development ("**R&D**") expenses decreased by approximately RMB116.5 million, from RMB274.8 million for the six months ended June 30, 2021 to RMB158.3 million for the six months ended June 30, 2022, which was primarily attributable to decreased upfront and milestone payments made to our licensing partners, partially offset by our increased testing and clinical trial expenses and increased R&D employee costs.

- Loss for the Reporting Period decreased by approximately RMB95.2 million from RMB344.2 million for the six months ended June 30, 2021 to RMB249.0 million for the six months ended June 30, 2022, which was primarily attributable to the decrease of R&D costs.

- The adjusted loss for the period decreased by RMB113.7 million, from RMB342.6 million for the six months ended June 30, 2021, to RMB228.9 million for the six months ended June 30, 2022. The adjusted loss for the period is arrived at by adjusting the IFRS loss for the Reporting Period of RMB249.0 million (for the six months ended June 30, 2021: RMB344.2 million) from excluding the effect of (i) a one-time, non-cash, IFRS fair value changes of our pre-IPO convertible redeemable preferred shares and derivative financial instruments, (ii) the share-based payment expenses, and (iii) the listing expenses. Please refer to the section headed "Non-IFRS Measures" of this announcement for details.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Audited) RMB'000
Revenue	*4*	**34,728**	12,192
Cost of sales		**(12,561)**	(5,353)
Gross profit		**22,167**	6,839
Other income and gains		**6,445**	11,052
Selling and distribution expenses		**(42,626)**	(44,768)
Administrative expenses		**(55,625)**	(52,928)
Research and development expenses		**(158,260)**	(274,837)
Fair value changes of convertible redeemable preferred shares		**–**	(21,848)
Fair value changes of derivative financial instruments		**–**	34,454
Other expenses		**(18,631)**	(609)
Finance costs		**(2,482)**	(1,558)
LOSS BEFORE TAX	*5*	**(249,012)**	(344,203)
Income tax expense	*6*	**–**	–
LOSS FOR THE PERIOD		**(249,012)**	(344,203)
Attributable to:			
Owners of the parent		**(249,012)**	(344,203)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT(EXPRESSED IN RMB PER SHARE)			
– Basic and diluted	*8*	**(0.59)**	(4.68)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(249,012)**	(344,203)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(61,002)**	11,113
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(61,002)**	11,113
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**103,350**	7,476
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**103,350**	7,476
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**42,348**	18,589
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(206,664)**	(325,614)
Attributable to:		
Owners of the parent	**(206,664)**	(325,614)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**7,601**	9,564
Right-of-use assets		**123,738**	19,978
Intangible assets		**50,185**	51,269
Other non-current assets		**6,807**	–
Total non-current assets		**188,331**	80,811
CURRENT ASSETS			
Inventories		**9,602**	13,448
Trade receivables	*10*	**14,553**	9,141
Prepayments, other receivables and other assets		**25,348**	43,307
Cash and bank balances	*11*	**604,616**	745,815
Total current assets		**654,119**	811,711
CURRENT LIABILITIES			
Trade payables	*12*	**108,307**	43,607
Other payables and accruals		**70,873**	103,423
Interest-bearing bank and other borrowings		**29,904**	30,868
Lease liabilities		**5,561**	7,882
Total current liabilities		**214,645**	185,780
NET CURRENT ASSETS		**439,474**	625,931
TOTAL ASSETS LESS CURRENT LIABILITIES		**627,805**	706,742
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**18,876**	–
Lease liabilities		**102,124**	13,351
Total non-current liabilities		**121,000**	13,351
Net assets		**506,805**	693,391
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**28**	28
Reserves		**506,777**	693,363
Total equity		**506,805**	693,391

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 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 2021, 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 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period.

During the six months ended 30 June 2022, no lease of the Group has been reduced or waived by the lessors as a result of the COVID-19 pandemic. The amendment did not have any impact on the financial position and performance of the Group.

(c) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2022, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- *IFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**11,690**	3,837
Other countries/regions	**23,038**	8,355
	34,728	12,192

(b) Non-current assets

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**31,163**	29,385
Other countries/regions	**157,168**	51,426
	188,331	80,811

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	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers	**34,728**	12,192

Disaggregated revenue information for revenue from contracts with customers

Types of goods or services		
Sale of medical products	**34,728**	12,192
Timing of revenue recognition		
Goods transferred at a point in time	**34,728**	12,192

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of inventories sold	**12,561**	5,353
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**124,755**	253,853
Depreciation of property, plant and equipment	**1,085**	953
Depreciation of right-of-use assets	**4,686**	2,573
Amortisation of intangible assets	**3,335**	3,775
Lease payments not included in the measurement of lease liabilities	**354**	451
Auditor's remuneration	**2,000**	2,280
Listing expenses (excluding auditor's remuneration)	**–**	6,994
Fair value changes of convertible redeemable preferred shares	**–**	21,848
Fair value changes of derivative financial instruments	**–**	(34,454)
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**62,715**	41,981
Pension scheme contributions	**4,423**	1,686
Staff welfare expenses	**4,812**	2,526
Share-based payment expenses	**19,111**	5,930
	91,061	52,123
Foreign exchange difference, net	**16,915**	608

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

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

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.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China 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.

7. DIVIDENDS

No dividends have been declared and paid by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 424,191,920 in issue during the six months ended 30 June 2022 (six months ended 30 June 2021: 73,562,380, after adjusted for the effect of capitalisation issue). The share subdivision in 2021 was treated as having been in issue for the whole year and also included in the loss per share calculation of the comparative period presented so as to give a comparable result.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) as the impact of the convertible redeemable preferred shares and share options 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	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation:	**(249,012)**	(344,203)

	Number of shares	
	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**424,191,920**	73,562,380

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of RMB1,287,000 (six months ended 30 June 2021: RMB2,773,000).

Assets with a net book value of RMB2,015,000 were disposed of by the Group during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil), resulting in a net loss on disposal of RMB1,612,000 (six months ended 30 June 2021: Nil).

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 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**14,381**	9,141
Over 3 months	**172**	–
	14,553	9,141

The Group has applied the simplified approach to provide for 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 2022 (31 December 2021: Nil).

11. CASH AND BANK BALANCES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**604,616**	745,815
Less:		
Pledged deposits*	**11,515**	–
Cash and cash equivalents	**593,101**	745,815

* 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 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**70,456**	43,607
Over 6 months	**37,851**	–
	108,307	43,607

13. SHARE CAPITAL

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Issued and fully paid:		
424,191,920 (31 December 2021: 424,191,920) ordinary shares	**28**	28

14. SHARE-BASED PAYMENT SCHEMES

The Company operates share-based payment schemes 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 consultants.

The 2016 Plan

A share incentive plan (the "**2016 Plan**") became effective in April 2016 when the board of directors of CANbridge Life Sciences Ltd. ("**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 share options were granted to replace the share options of CANbridge Beijing previously granted.

The New Plan

A new share incentive plan (the "**New Plan**") became effective on 25 July 2019 when the board of directors 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 shares.

The share options have vesting terms in schedule from the grant date over 4-5 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**") on 18 November 2021 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 may be granted under any other option scheme, shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Plan. The maximum number of shares underlying all grants made pursuant to the Post-IPO RSU Plan will not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Plan.

During the six months ended 30 June 2022, the Company granted a total of 4,465,000 options under the Post-IPO Share Option Plan to 30 employees. The vesting schedule of the options granted would be subject to a service-based vesting condition, which would be satisfied over a four-year term. The options granted to employees are accounted for as equity awards and measured at their granted date fair values. No RSU had been granted or agreed to be granted under the Post-IPO RSU Plan during the six months ended 30 June 2022.

The exercise prices and exercise periods of the share options outstanding as at 30 June 2022 are as follows:

	Number of share options	**Weighted average exercise price per share option** *RMB*
As at 31 December 2021 and 1 January 2022 (audited)	46,345,180	4.81
Granted during the period	4,465,000	3.34
Forfeited during the period	(3,335,077)	4.98
At 30 June 2022 (unaudited)	47,475,103	4.79

The exercise prices and exercise periods of the share options outstanding as at 30 June 2022 are as follows:

Number of options	Exercise price	Exercise period
50,000	–	2022
350,000	RMB0.10	2016-2025
300,000	RMB0.15	2017-2026
795,500	RMB0.54	2017-2029
250,000	RMB0.54	2020-2033
60,000	RMB0.62	2017-2027
500,000	RMB1.27	2019-2030
1,020,280	US$0.19	2019-2032
9,939,910	US$0.52	2019-2030
2,963,553	US$0.59	2020-2033
300,000	US$0.71	2020-2034
16,055,860	US$0.75	2021-2035
10,425,000	US$1.18	2022-2036
4,465,000	HKD$3.90	2023-2026
47,475,103		

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.

	Six months ended 30 June 2022
Expected volatility (%)	**40.51-49.97**
Risk-free interest rate (%)	**0.78-3.06**
Expected life of options (year)	**0.50-11.32**
Weighted average share price (US$ per share)	**0.51-0.74**

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 RMB20,078,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB6,672,000).

As at 30 June 2022, the Company had 47,475,103 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 additional share capital of RMB3,000.

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**
Hd Biosciences Co., Ltd.	An entity controlled by one of the major Company's shareholders
Shanghai Medkey Med-Tech Development Co.,Ltd	An entity controlled by one of the major Company's shareholders
WuXi AppTec (Suzhou) Co., Ltd.	An entity controlled by one of the major Company's shareholders

(b) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
	Notes	**2022**	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Purchase of services:			
Wuxi AppTec (Suzhou) Co., Ltd.	*(i)*	**1,396**	7,026
Shanghai Medkey Med-Tech Development Co.,Ltd	*(ii)*	**236**	–
Hd Biosciences Co., Ltd.		**–**	25

Notes:

(i) Wuxi AppTec (Suzhou) Co., Ltd. provided Contract Research Organization ("**CRO**") services to the Group.

(ii) Shanghai Medkey Med-Tech Development Co., Ltd. provided CRO services to the Group.

The pricing was determined according to the published prices and conditions similar to those offered to the major customers of the suppliers.

(c) Outstanding balances with related parties

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Amounts due to related parties:		
Shanghai Medkey Med-Tech Development Co.,Ltd	**30**	627
Wuxi AppTec (Suzhou) Co., Ltd.	**3,013**	1,617

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Short term employee benefits	**2,028**	1,758
Post-employment benefits	**99**	62
Share-based payments	**4,922**	684
Total compensation paid to key management personnel	**7,049**	2,504

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a China- and US-based, rare disease-focused biopharmaceutical company founded in 2012 committed to the research, development and commercialization of biotech therapies. As of June 30, 2022, we have a comprehensive pipeline of 13 drug assets with significant market potential targeting some of the most prevalent rare diseases, as well as rare oncology indications, including three marketed products, four drug candidates at clinical stage, one at IND-enabling stage, two at preclinical stage, and three gene therapy programs at lead-identification stage.

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. We are supported by a talent pool of 141 employees in which 17 have a Ph.D. and/or M.D. degree, and more than 78% of our employees have prior experience working at multinational biopharmaceutical companies as of June 30, 2022. Our management team collectively has a track record of successfully commercializing rare disease therapies across the key markets, including China, the United States, 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, James. 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 enrich our pipeline through business partnerships and collaborations with academic institutions, as well as with in-house research and development.

In the rare disease area, we have seven biologics and small molecule products and product candidates for multiple indications. 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, Alagille syndrome (ALGS), Progressive familial intrahepatic cholestasis (PFIC) and biliary atresia (BA). We received marketing approval for Hunterase® (CAN101) for MPS II in mainland China in September 2020. We initiated a Phase 1 clinical trial in healthy volunteers for CAN106 in Singapore in February 2021; obtained the IND approval from the China's National Medical Products Administration (NMPA) for a CAN106 Phase 1 study in paroxysmal nocturnal hemogloginuria (PNH) in July 2021; and reported positive top-line CAN106 Phase 1 data for the Singapore safety study in February 2022. Results suggest complete blockade of complement function. CAN106 was shown to be safe and well-tolerated. In addition, the CAN108 NDA for ALGS was accepted and granted priority review by NMPA in January 2022.

In the rare oncology area, we are developing CAN008 for the treatment of glioblastoma multiforme (GBM). In 2018, we completed a Phase 1 clinical trial for CAN008 in Taiwan in newly diagnosed patients. We received IND approval from the NMPA to commence first-line Phase 2 clinical trial of CAN008 and dosed the first patient in a Phase 2 clinical trial of CAN008 for the first-line treatment of GBM patients in mainland China in October 2021. We also received marketing approval for two other oncology products: Caphosol® (CAN002) in mainland China and Nerlynx® (CAN030)[1] in Greater China.

In addition to biologics and small molecules, we are investing in next-generation technology for gene therapies. Gene therapies provide a potentially one-time durable treatment for various rare genetic diseases that have limited treatment options. As of June 30, 2022, we are using an AAV sL65 capsid vector for the treatment of Fabry disease and Pompe disease, which we licensed from LogicBio Therapeutics. The license is for the development of two gene therapy products, with options to develop two additional indications using the same vector, and a clinical-stage gene editing program for the treatment of methylmalonic acidemia (MMA). We are also working with UMass Chan Medical School, our research partner, on sponsored research programs to develop gene therapy solutions for neuromuscular disorders, with the exclusive option to license-in the assets for development. In addition, we are internally developing an adeno-associated virus (AAV) delivery platform targeting different tissues, such as the central nervous system (CNS) and muscle.

Market opportunities in the rare disease industry

The global rare disease industry is a sector of the biopharmaceutical market focusing on the discovery and commercialization of medicines for the treatment of diseases which affect a small number of people, as compared to other more prevalent diseases in the general population. The unique characteristics of rare diseases create a highly efficient market for rare disease therapeutic development. According to Frost & Sullivan, most rare diseases are caused by genetic mutations with a well-defined pathology. This leads to higher probability of technical and regulatory success ("**PTRS**") in the research & development ("**R&D**") of rare disease drugs. In addition, certain rare disease patients are treated at a limited number of specialized hospitals, therefore sales efforts for rare disease drugs can be much more targeted. The unique nature of rare diseases has also led to a favorable regulatory environment in various countries, such as the Orphan Drug Act in the United States, which helps accelerate the development and commercialization process of rare disease drugs.

The global rare disease drug market has grown rapidly since 1983, when the Orphan Drug Act was first enacted in the United States, setting standards for regulatory pathways that have been followed by other jurisdictions. The size of global rare disease drug market grew from USD109.0 billion, in 2016, to USD135.1 billion, in 2020, representing a CAGR of 5.5%. It is estimated to further grow to USD383.3 billion, by 2030, at a CAGR of 11.0%, from 2020 to 2030. Growing awareness of rare disease has augmented the demand for special treatments while expenditure on healthcare is also rising, positively impacting the rare disease treatment market growth. The US and Europe are the largest rare diseases markets globally.

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

1: In February 2021, we were appointed by Pierre Fabre Médicament SAS as its distributor with exclusive rights to sell Nerlynx® (CAN030) for Pierre Fabre in Hong Kong, Macau, and Taiwan until December 31, 2022, with an option to renew.

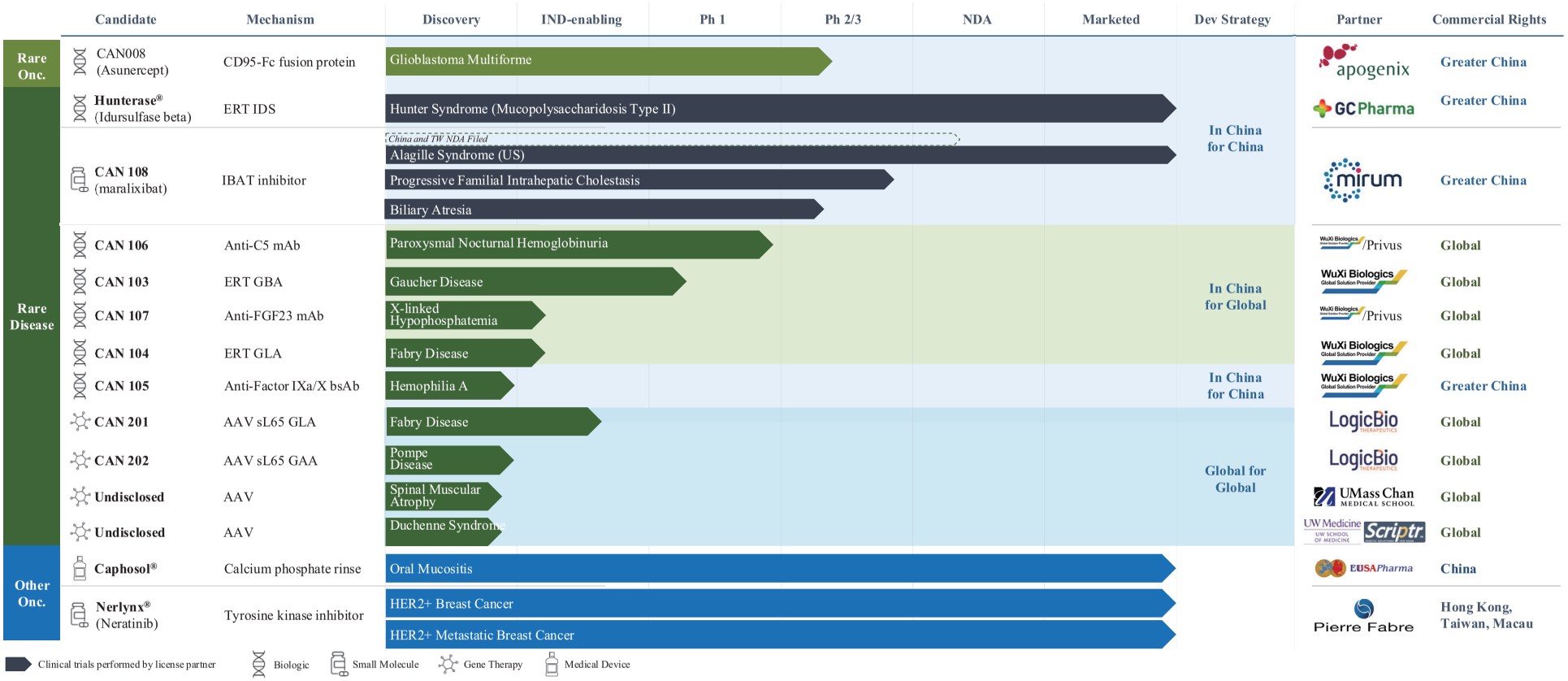
The market size of rare disease drugs in China was approximately USD1.3 billion in 2020, far below that in the U.S, or Europe. The high prevalence of rare diseases in China in 2019, as defined by the FDA, indicates a patient pool potentially more than four times greater than in the U.S, according to Frost & Sullivan. The discrepancy between patient population and market size suggests significant room for rare disease drug growth in China. According to Frost & Sullivan, the rare disease drug market in China is expected to grow dramatically from USD1.3 billion, in 2020, to USD25.9 billion, in 2030, at a CAGR of 34.5%. In comparison, markets in the U.S. and the rest of the world are expected to grow at a CAGR of 10.5% and 10.0%, respectively, for the same time period. The China rare disease drug market accounted for 0.4% and 1.0% of the global rare disease market in 2016 and 2020, respectively, and is expected to account for 6.8% in 2030, indicating a favorable rare disease market outlook. With a population of untreated rare disease patients larger than that of the U.S. and Europe, China offers great opportunities for rare disease pharmaceutical companies to capture a massive market at potentially lower costs than other disease areas. In response to such significant market opportunity, many leading pharmaceutical companies, such as Sanofi, have launched products in China and other developing countries. We believe that CANbridge is uniquely positioned to provide sustainable solutions to the medical needs of global rare disease patients in an efficient manner.

In addition, the rare disease industry in China is expected to benefit from various regulatory initiatives. In recognition of the urgency for effective rare disease treatment development, and the unique clinical challenges associated with such development, authorities in the U.S. and Europe have provided regulatory incentives, and adopted special regulatory frameworks, to encourage development and commercialization of drugs to treat rare diseases and support companies that focus on rare disease treatment. In 2018, China published the first edition of the Rare Disease List that includes 121 rare diseases. As in the U.S. and Europe, China has simplified the rare disease treatment application process and instituted other reforms that streamline the regulatory and post-regulatory environment, including allowing for the submission of clinical data from global trials. China is also moving towards a more favorable rare disease treatment reimbursement policy. After years of local-level rare disease insurance mechanisms, more and more provinces and cities have joined forces to implement insurance policies for rare disease under various reimbursement models. In 2021, National Health Commission of the People's Republic of China (PRC) announced that it is developing the second edition of the Rare Disease List, more rare diseases are expected to be included, according to Frost & Sullivan.

Enabled by new technologies, gene therapies have become an emerging solution for rare diseases. Approximately 80% of rare diseases result from genetic disorders, according to Frost & Sullivan. Gene therapies serve as a promising solution for a broad spectrum of rare diseases as they have the potential to address the underlying cause of the diseases and be curative. Recent advances in genetic engineering and recombinant viral vector development have ignited interest in the field, with several gene therapy products having been approved. The success of several pioneering gene therapy products, such as Zolgensma, developed by Novartis, have made targeted treatments available for spinal muscular atrophy (SMA), and validate the potential of gene therapies to provide solutions to rare diseases with no specific therapeutic options.

PIPELINE

A portfolio of biologics, small molecules and gene therapy solutions with validated mechanisms of action, targeting some of the most prevalent rare diseases and rare oncology indications with significant market potential. CANbridge owns global rights for **7** of the **13** drug assets.



BUSINESS REVIEW

The Company was listed on the 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® (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® (CAN101).

- Received the marketing approval from the NMPA for Hunterase® (CAN101) in September 2020. Hunterase® (CAN101) is currently marketed in over 10 countries worldwide by GC Pharma. In a head-to-head Phase 1 study, Hunterase® (CAN101) demonstrated favorable efficacy as compared to Elaprase®, a drug commonly used to treat Hunter Syndrome globally.

- Commercially launched Hunterase® (CAN101) in China in May 2021 in a non-reimbursed market. Since launch, we have made good progress in commercial penetration in mainland China, having accelerated the expansion of the patient market and reimbursement coverage. Focus remains on expanding the number of patients by creating a stronger diagnostic network.

- The Company plans to expand its dedicated, in-house commercialization team and expects to assemble a full-fledged rare disease commercialization team in China with the ability to commercial multiple rare disease products.

CAN108 (MARALIXIBAT)

- CAN108 is an oral, minimally absorbed reversible inhibitor of the ileal bile acid transporter (IBAT) and is under development to treat rare cholestatic liver diseases, including ALGS (approved), PFIC and BA. Maralixibat possesses an extensive safety dataset, having been evaluated in more than 1,600 human subjects. Maralixibat has been studied in a number of completed and ongoing clinical trials in ALGS and PFIC with over 120 children treated and some on study for over seven years. A Phase 2b placebo-controlled randomized clinical trial conducted for ALGS by Mirum, our collaboration partner in the U.S., shows that patients receiving maralixibat experienced significant reductions in bile acids and pruritus compared to placebo, improvements in quality of life and xanthomas and accelerated long-term growth. Another Phase 2 study conducted for PFIC by Mirum, our collaboration partner in the U.S., patients who responded to maralixibat were shown to have significant improvement in transplant-free survival and experienced improvements across multiple parameters including normalization of liver enzyme and bilirubin levels, decreased pruritus, and improvements in growth. Mirum obtained FDA approval for maralixibat for ALGS in September 2021.

- CANbridge and Mirum Pharmaceuticals, Inc. have an exclusive license agreement for the development, commercialization and manufacture, under certain conditions, of maralixibat (CAN108) in Greater China. Under the terms of the agreement, CANbridge has the right to develop and commercialize CAN108 for three indications: Alagille syndrome, progressive familial intrahepatic cholestasis and biliary atresia in Greater China.

- Dosed the first patient in the Phase 2 EMBARK study of CAN108 (maralixibat oral solution (LIVMARLIR)) in biliary atresia (BA) in China, at Children's Hospital of Capital Institute of Pediatrics (CIP), in Beijing. The clinical trial in China is part of the global EMBARK study in BA. The multi-center randomized controlled Phase 2 study to evaluate the efficacy and safety of CAN108 in the treatment of patients with BA after Kasai surgery is expected to enroll up to 20 patients in China and 72 patients globally.

  EMBARK is a Mirum Pharmaceuticals-sponsored global Phase 2 study to evaluate the efficacy and safety of maralixibat in the treatment of patients with BA after Kasai surgery (NCT04524390).The 26-week randomized controlled trial, to be followed by a 78-week open label extension study, is being conducted at multiple sites in North America, Europe, and Asia, including China. There are currently no pharmacological agents approved for the treatment of patients with biliary atresia.

- Announced that CAN108 (maralixibat oral solution (LIVMARLIR)) has been approved for the treatment for ALGS under the Early and Pilot Implementation Policy in Boao Lecheng International Medical Tourism Pilot Zone which will allow CAN108 to be imported and used as an urgently needed drug in the region.

- Announced that the NMPA and the Taiwan Food and Drug Administration (TFDA) have accepted New Drug Application/Orphan Drug Registration (NDA/ODR) for CAN108 (maralixibat oral solution (LIVMARLI™)) for the treatment of cholestatic pruritus in patients with Alagille syndrome (ALGS) 1 year of age and older. LIVMARLI (maralixibat) oral solution was approved in 2021 by the FDA for the treatment of cholestatic pruritus in patients with Alagille syndrome (ALGS) 1 year of age and older. CAN108 has also been granted priority review by China's NMPA.

CAN106

- CAN106 is a humanized monoclonal antibody against complement C5 being developed for the treatment of complement-mediated diseases including paroxysmal nocturnal hemoglobinuria (PNH) and various other complement mediated diseases that are targeted by approved anti-C5 antibodies and other new potential indications. We have obtained global rights to develop, manufacture and commercialize this drug candidate from WuXi Biologics and Privus in 2019 and 2020 respectively. Based on preclinical 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 and potentially with reduced dosing frequency.

- Reported data from the Phase 1 Singapore trial of CAN106 in February 2022 that demonstrated, that CAN106 is able to achieve potent and rapid reduction of C5 levels and completely block terminal complement activity for up to four weeks, suggesting the possibility of an extended dosing regimen. CAN106 was safe and well-tolerated with mostly mild or moderate adverse events and no drug-related serious adverse events in this first-in-human single ascending dose study in healthy subjects. Furthermore, CAN106 led to rapid (within 24 hours), dose-dependent reductions in free C5 and in CH50, a measure of serum hemolytic activity that reflects complement pathway activity. At the two highest doses (8 and 12 mg/kg), CAN106 achieved complete and sustained blockade of terminal complement activity, with all subjects showing a >99% reduction in free C5 and ≥90% inhibition of CH50. In addition, the half-life of circulating CAN106 in healthy volunteers was 31 days, which is similar to that of the approved anti-C5 agent, ravulizumab, which is dosed every eight weeks in patients. The C5 protein is a component of the complement system, part of the innate immune system. Dysregulation or over-activity of the complement pathway is implicated in various complement-mediated diseases, including paroxysmal nocturnal hemoglobinuria (PNH).

Presented data from the Phase 1 trial at two major medical meetings: the 2022 European Haematology Association Congress, in Vienna, Austria, on June 10th and the 14th International Conference on Complement Therapeutics, June 17-22, in Rhodes, Greece.

- Dosed the first patient in the CAN106 Phase 1b/2 trial for treatment of paroxysmal nocturnal hemoglobinuria (PNH) in China. The multi-center, open-label, phase 1b/2 study to evaluate the tolerability, efficacy, safety and PK/PD of CAN106 administered intravenously to complement inhibitor treatment-naïve PNH patients, is under the direction of principal investigator, Bing Han, MD, PhD, Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China. CAN106 was previously shown to be safe and well-tolerated, with dose-dependent and linear pharmacokinetic exposure in a study of healthy volunteers in Singapore. The data also showed that free C5 and CH50 could be effectively inhibited. Based on these results, the NMPA approved the CAN106 Phase 1b/2 trial for the treatment of patients with PNH. The trial is composed of three cohorts. Enrollment in cohorts 1 and 2 is expected to be completed by the third quarter of 2022. Depending on the results from cohorts 1 and 2, we expect to initiate cohort 3 by the end of 2022. And we expect to have interim data in the fourth quarter of 2022 or in the first quarter of 2023.

CAN008

- CAN008 is a recombinant, antibody-like, fully-human CD95-Fc fusion protein that is being developed as a first line treatment for patients with newly diagnosed GBM. Acting as a soluble receptor, CAN008 binds to the endogenous CD95L on tumor cells and blocks its interaction with the endogenous CD95 receptor, thereby preventing tumor cell growth and metastasis. CAN008 also blocks the interaction of CD95L and CD95 on T cells, thereby preventing apoptosis and restoring immune function. As our Core Product, CAN008 has demonstrated promising efficacy and a favorable safety profile in completed and ongoing clinical trials, providing a new potential first-line treatment option for GBM. A Phase 2 pivotal trial conducted by Apogenix showed statistically significant and clinically meaningful improvements of more than 50% in 4-month to 6-month progression-free survival and quality of life as well as a positive trend in overall survival in patients with relapsed GBM.

- Completed a Phase 1 dose comparison (200 vs 400 mg) trial in patients with newly diagnosed GBM in Taiwan, and the results showed that CAN008 was generally safe and well tolerated. No dose-limiting toxicity was observed, and no treatment-related serious adverse events were reported. The 400 mg dose was associated with 57% (4/7) progression-free survival at 12 months and was selected as the Phase 2 dose.

- Received CDE approval in April 2021 to conduct a Phase 2 trial of CAN008 as a first line treatment for patients with newly diagnosed GBM in China. The first patient was dosed in October 2021, and we anticipate enrollment to be completed at the end of 2022.

CAN103

- CAN103, a recombinant, human glucocerebrosidase (acid β-glucosidas) an enzyme replacement therapy (ERT) for the treatment of Gaucher disease (GD). CAN103 originated from discovery work conducted by WuXi Biologics and is currently being locally developed in China by CANbridge. It is the first rare disease asset CANbridge acquired in 2018 from WuXi Biologics. CANbridge maintains global proprietary rights to develop and commercialize the product in China.

- Dosed the first patient in the CAN103 Phase 1/2 trial being developed for the treatment of patients with Gaucher disease (GD) Types I and III in China. Bing Han MD, PhD, Chief Physician and Professor in the Department of Hematology at Peking Union Medical College Hospital in Beijing, China, is the principal investigator for this multi-site trial, which is expected to enroll approximately 40 subjects. Gaucher disease (GD), a lysosomal storage disease, is caused by a genetic enzyme deficiency leading to an accumulation of a cellular sphingolipid calledglucocerebroside in macrophages residing in liver, spleen, and bone marrow, leading to hepatosplenomegaly, anemia, thrombocytopenia, skeletal disease (infarction, osteoporosis, and pain), and death. CAN103 is an enzyme replacement therapy (ERT) under development by CANbridge, as part of its rare disease partnership with WuXi Biologics (2269.HK), for the long-term treatment of adults and children with Gaucher disease Types I and III. Many GD patients in China do not have access to approved treatments due to cost barriers. According to Frost & Sullivan, there were approximately 3,000 GD patients in 2020 in China.

GENE THERAPY

- Presented initial data from our gene therapy research agreement with the Horae Gene Therapy Center, at the UMass Chan Medical School, at the 2022 American Society of Gene and Cell Therapy (ASGCT) Annual Meeting. These data encourage us to support the continued development of this second-generation vector as a potential best-in-class gene therapy for SMA. This next-generation gene therapy leverages the advances in gene therapy that have occurred since the first gene therapy was developed, over a decade ago. Data shared at ASGCT highlights the potential of this novel, second-generation scAAV9 gene therapy in treating SMA, expressing co-hSMN1 from an endogenous hSMN1 promoter, demonstrated superior potency, efficacy and safety in mice with SMA, compared to the benchmark vector, scAAV9-CMVen/CB-hSMN1, which is similar to the vector used in the gene therapy approved by the FDA for the treatment of SMA.

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

CORPORATE DEVELOPMENT

- Formed a Complement Disease Scientific Advisory Board focused on the global development of CAN106, a novel, long-acting monoclonal antibody directed against C5 complement. CANbridge is developing CAN106 for the treatment of paroxysmal nocturnal hemoglobinuria (PNH) and other complement-mediated diseases. CAN106 is currently in a Phase 1b/2 PNH trial in China. The advisory board will offer guidance on the CAN106 clinical development program, as well as explore the potential for CAN106 in other indications.

  The members of scientific advisory board are:

  - **Anthony Amato, MD**, Brigham and Women's Hospital Distinguished Chair in Neurology, Chief of the Neuromuscular Division and Director of the Clinical Neurophysiology Laboratory at Brigham and Women's Hospital, and Professor of Neurology at Harvard Medical School.

- **Robert Colvin, MD**, Pathologist-in-Chief, Emeritus at Massachusetts General Hospital, and the Benjamin Castleman Distinguished Professor of Pathology at Harvard Medical School.

- **Gerald Cox, MD, PhD**, Chief Development Strategist & Interim Chief Medical Officer, Clinical geneticist and pediatrician at Boston Children's Hospital, Former Chief Medical Officer at Editas Medicine, Vice President, Rare Disease Clinical Development at Sanofi.

- **Jean Francis, MD**, Medical Director of the Kidney Transplant Program at Boston Medical Center and Boston University School of Medicine, Medical Director of the Combined Pancreas Transplant Program at Boston Medical Center and Brigham and Women's Hospital, and Associate Professor of Medicine at Boston University School of Medicine.

- **Richard Polisson, MD, MHSc**, Clinical Development Consultant and, most recently, former Chief Medical Officer at Artax Biopharma.

- **Sushrut Waikar, MD, MPH**, Chief of Nephrology at Boston Medical Center and the Norman G. Levinsky Professor of Medicine at Boston University School of Medicine, and formerly the Constantine L. Hampers, MD Distinguished Chair in Renal Medicine at Brigham and Women's Hospital.

- **Brian Weinshenker, MD**, Professor of Neurology at the University of Virginia, and formerly Professor of Neurology at Mayo Clinic.

- Appointed Mr. Edward Hu ("**Mr. Hu**") as a non-executive Director and a member of the Remuneration Committee, replacing Mr. Xiao Le, effective from July 5, 2022. Mr. Hu brings to the Company a deep and varied C-level biopharmaceutical experience, having served as both Co-Chief Executive Officer and Chief Financial Officer at WuXi AppTec before his current position of Vice Chairman, Global Chief Investment Officer, Executive Director, Strategy Committee Member. Before then, Mr. Hu was Chief Financial Officer and Chief Operating Officer at WuXi PharmaTech. Prior to his roles at WuXi, Mr. Hu held multiple senior management roles, culminating in that of Senior Vice President and Chief Operating Officer at Tanox Inc., a NASDAQ-traded public company, which was acquired by Genentech. Prior to that, Mr. Hu served as business planning manager of Biogen Inc, and before then, as senior financial analyst at Merck. Mr. Hu is currently a non-executive director of CStone Pharmaceuticals and a director of Ambrx Biopharma. Previously, he also served as non-executive director of WuXi Biologics, as well as a director of Viela Bio Inc, which was acquired by Horizon Therapeutics in March 2021. Mr. Hu received a bachelor's degree in physics from Hangzhou University (currently, Zhejiang University), in Zhejiang province, China. He also has a master's degree in chemistry and a master's degree in business administration, both from Carnegie Mellon University, in Pittsburgh, Pennsylvania.

- Appointed Dr. Lan Hu ("**Dr. Hu**"), Ph.D. as an independent non-executive Director and a member of the Remuneration Committee, effective from February 16, 2022. Dr. Hu has a rich background in healthcare investment, operations and administrative management and is a seasoned entrepreneur, having founded Beijing Amcare Women's & Children's Hospital Co., Ltd. in 2004, where she also served as Director, Chairman of the Board and General Manager. She is currently also serving as the chairman of the board and general manager of Beijing Amcare Medical Management Co., Ltd., the chairman of the board of Beijing Meizhong Airui Tumor Hospital Co., Ltd., the independent director of Beijing Yida Shidai Technology Development Co., Ltd. and the executive director and general manager of Beijing Xuanhe Yazhi Management Consulting Co., Ltd. She obtained a bachelor's degree in medicine from Peking University in 1993. She further obtained a Ph.D. in medical sciences from Medical College of Ohio in 2000 and a master's degree in business administration from University of Michigan in 2002.

- With effect from February 16, 2022, (i) Mr. James Arthur Geraghty ("**Mr. Geraghty**") has ceased to be a member of the Remuneration Committee; (ii) Dr. Richard James Gregory has ceased to be a member of the Audit Committee; and (iii) Mr. Geraghty was appointed as a member of the Audit Committee.

- Appointed Dr. Pauline Li ("**Dr. Li**"), MD, to the position of Senior Vice President of Clinical Development and Operations in the Reporting Period. Dr. Li brings to CANbridge a wealth of international clinical development experience, in both small molecule and biologic products, across multiple indications and markets. Most recently, she was at Connect Biopharma, where she held the position of Vice President of Clinical Development and was responsible for creating and implementing the clinical development strategy. During her time there, she oversaw five NMPA IND approvals, three FDA IND approvals, eight clinical trial initiations and six clinical trial completions. Before then, she was Executive Director of Clinical Operations at Shanghai Haihe Pharmaceutical Company, Ltd. and Medical & Scientific Affairs Director at Servier China. Earlier, Dr. Li held multiple clinical development and medical roles at leading multinational pharmaceutical companies, including Medical Director at Takeda China, Head of the Medical Affairs at Bayer Healthcare, Senior Medical Manager at Xi'an Janssen and Medical Manager at Shanghai Roche. Dr. Li began her career as a cardiologist at Beijing Fuwai Heart Disease Hospital in Beijing, China.

Manufacturing

We have secured manufacturing capacity for selected in-licensed programs, including from third party collaboration partners such as WuXi Biologics, GC Pharma and LogicBio Therapeutics. We are also entitled to the transfer of all relevant manufacturing technologies with respect to the product for development by our third-party partners, including but not limited to an upstream process and a downstream affinity purification process. We aim to balance cost-efficiency and control over quality of our drug products and will establish our in-house process development and manufacturing infrastructures. In an effort to scale up our gene therapy development, we announced the opening of our U.S. corporate headquarters and Next-Gen Innovation Lab in Greater Boston area, which will be primarily used for the manufacturing of our gene therapy products.

Commercialization

With our late-stage drug candidates entering into the commercialization stage, we have established our key operation hubs in both Beijing and Shanghai with offices in other locations in Greater China, and plan to expand to each of the key target provinces with local offices in mainland China. We have already set up a commercialization team dedicated to our 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 and assistance, with the mission to execute medical engagement plan for key opinion leader (KOL) development, promote community awareness and explore industry insights for better drug development and marketing strategy.

KEY EVENTS AFTER THE REPORTING PERIOD

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

THE IMPACT OF COVID-19

The management of the Company expected that clinical trials in and outside mainland China will not be significantly affected by the outbreak of COVID-19. The Directors believe that, based on the information available as of the date of this announcement, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or a material impact on the financial position or financial performance of the Group. Due to the outbreak of COVID-19, we have taken various measures, including but not limited to reducing face-to-face meetings by means of telephone or video conferences; avoiding unnecessary travels and trips for interviews as well as providing face masks, hand sanitizers and other sanitation supplies.

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 announcement.

Revenue

Our revenue increased by RMB22.5 million from RMB12.2 million for the six months ended June 30, 2021 to RMB34.7 million for the six months ended June 30, 2022, which was primarily attributable to the increase in sales of Nerlynx® (CAN030) in Taiwan and the commercialization of Hunterase® (CAN101) in mainland China in May 2021.

Cost of Sales

Our cost of sales increased by RMB7.2 million from RMB5.4 million for the six months ended June 30, 2021 to RMB12.6 million for the six months ended June 30, 2022, which was primarily attributable to the increase in sales of commercialized products.

Gross Profit and Gross Profit Margin

Our gross profit increased by RMB15.4 million from RMB6.8 million for the six months ended June 30, 2021 to RMB22.2 million for the six months ended June 30, 2022. Our gross profit margin for the six months ended June 30, 2022 was 63.8% (for the six months ended 30 June 2021: 56.1%).

Other Income and Gains

Our other income and gains decreased by RMB4.7 million from RMB11.1 million for the six months ended June 30, 2021 to RMB6.4 million for the six months ended June 30, 2022, which was primarily attributable to the decrease in gain on disposal of an intangible asset which was partially offset by the increase in subsidies received from local government for the six months ended June 30, 2022. We recognized a gain of RMB9.7 million on disposal of our license rights in Nerlynx® (CAN030) during the six months ended June 30, 2021.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by RMB2.2 million from RMB44.8 million for the six months ended June 30, 2021 to RMB42.6 million for the six months ended June 30, 2022, which was primarily due to the decrease in marketing expenses as a result of decreased marketing research activities for the pipeline candidates and products during the six months ended June 30, 2022.

Administrative Expenses

Our administrative expenses increased by RMB2.7 million from RMB52.9 million for the six months ended June 30, 2021 to RMB55.6 million for the six months ended June 30, 2022. Such increase was primarily attributable to the increase in administrative employee costs, office expenses and depreciation costs of right-of-use assets and property, partially offset by the decrease in professional service fees and listing expenses.

Research and Development Expenses

Our research and development expenses decreased by RMB116.5 million from RMB274.8 million for the six months ended June 30, 2021 to RMB158.3 million for the six months ended June 30, 2022. Such decrease was primarily attributable to (i) decreased license fees from RMB173.3 million for the six months ended June 30, 2021 to RMB13.0 million for the six months ended June 30, 2022, which was partially offset by (ii) increased staff costs from RMB21.0 million for the six months ended June 30, 2021 to RMB30.6 million for the six months ended June 30, 2022 as a result of increase in headcount and share-based payment expenses, (iii) increased testing and clinical trial expenses from RMB67.0 million for the six months ended June 30, 2021 to RMB100.5 million for the six months ended June 30, 2022.

Fair Value Changes of Convertible Redeemable Preferred Shares

Our fair value changes of convertible redeemable preferred shares decreased from a loss of RMB21.8 million for the six months ended June 30, 2021 to nil for the six months ended June 30, 2022, as all of the Company's preferred shares were converted to ordinary shares upon the listing on December 10, 2021, and no such fair value losses were incurred since then.

Fair Value Changes of Derivative Financial Instruments

Our fair value changes of derivative financial instruments decreased from a gain of RMB34.5 million for the six months ended June 30, 2021 to nil for the six months ended June 30, 2022, as the Group had no derivative financial instruments during the Reporting Period.

Finance Costs

Our finance costs increased from RMB1.6 million for the six months ended June 30, 2021 to RMB2.5 million for the six months ended June 30, 2022. Such increase was primarily due to the increase in 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, listing expenses and non-cash items and one-time events, namely fair value changes on convertible redeemable preferred shares and fair value changes of derivative financial instruments. 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 30 June	
	2022	2021
	RMB'000	*RMB'000*
Loss for the period	**(249,012)**	(344,203)
Add:		
Loss on fair value changes of convertible redeemable preferred shares	**–**	21,848
Gain on fair value changes of derivative financial instruments	**–**	(34,454)
Share-based payment expenses	**20,078**	6,672
Listing expenses	**–**	7,538
Adjusted loss for the period	**(228,934)**	(342,599)

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 maximise 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

On December 10, 2021, 56,251,000 shares of USD0.00001 each were issued at a price of HKD12.18 per share in connection with the Company's listing on the Main Board of the Stock Exchange. The proceeds of HKD4,386.46 representing the par value, were credited to the Company's share capital. The remaining proceeds of HKD685,132,793.54, (before deduction of the legal and other professional fees in relation to the listing) were credited to the share premium account.

Our cash and bank balances as of June 30, 2022 were RMB604.6 million, of which RMB69.2 million, RMB519.3 million, RMB5.7 million and RMB10.4 million, were denominated in RMB, USD, HKD and TWD, respectively representing a decrease of 18.9% as compared to RMB745.8 million as of December 31, 2021. The decrease 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, 2022, we funded our operations primarily through revenue generated from sales of commercialized products, net proceeds raised from the global offering (the "**Global Offering**") as set out in the prospectus of the Company dated November 30, 2021 (the "**Prospectus**") and debt financing. With the continuing expansion of our business and development of new drug candidates, we may require further funding through public or private equity offerings, debt financing and other sources.

Bank Loans and Other Borrowings

Our bank loans and other borrowings as of June 30, 2022 were RMB48.8 million (December 31, 2021: RMB30.9 million), of which RMB8.2 million and RMB40.6 million, were denominated in RMB and USD, respectively and carried fixed nominal interest rates ranging from 4.0% to 6.0% per annum.

Current ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as at June 30, 2022 was 304.7% (December 31, 2021: 436.9%).

Gearing ratio

The gearing ratio (calculated by total interest-bearing borrowings divided by total assets) of the Group as at June 30, 2022 was 5.8% (December 31, 2021: 3.5%).

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. 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, 2022, we did not have any material contingent liabilities.

Capital Expenditure and Commitments

The Group's capital expenditures in the six months ended June 30, 2022 were primarily related to the purchase of property, plant and equipment, land use rights and other intangible assets. In the six months ended June 30, 2022, the Group incurred RMB27.0 million in relation to capital expenditures as compared to RMB2.8 million in the six months ended June 30, 2021. The increase in capital expenditures was primarily due to the increase in the purchase of property, plant and equipment and land use rights during the Reporting Period.

Charges on Group Assets

Apart from the pledged deposits in commercial banks as disclosed in note 11 to the Interim Condensed Consolidated Financial Information above, pursuant to the agreements entered into by CANbridge Biomed Limited and CANbridge Care Pharma HongKong Limited, two subsidiaries of the Company, with SPD Silicon Valley Bank ("**SSVB**"), respectively, CANbridge Biomed Limited and CANbridge Care Pharma HongKong Limited have charged all of their assets in favour of SSVB by way of first fixed charge and floating charge as security for the payment of the bank borrowings from SSVB.

Saved as disclosed above, as of June 30, 2022, the Group did not have other charges over its assets.

Significant Investment Held

During the Reporting Period, the Group did not have any significant investments.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

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, which falls under the "prohibited" category of the Negative List in the PRC according to the Foreign Investment Law. 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.

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

Use of Proceeds from the Global Offering

The shares of the Company (the "**Share(s)**") were listed on the Stock Exchange on December 10, 2021 and the Company obtained net proceeds of HKD604.0 million (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the Global Offering).

For the period from the Listing Date up to June 30, 2022, the Company has utilized HKD173.3 million, or 28.7% of the net proceeds raised from the Global Offering. The Company intends to use the net proceeds in the same matter and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

	Use of proceeds in the same manner and proportion as stated in the Prospectus *HKD in million*	**Actual use of proceeds as at the end of the Reporting Period** *HKD in million*	**Net proceeds unutilized as at the end of the Reporting Period** *HKD in million*
Approximately 45.4% to fund ongoing and future R&D (including planned clinical trials, preparation of registration filings and milestone fees), and CMC development and manufacturing of our Core Product candidate CAN008 (primarily including facilities under construction in Suzhou that will cover the process development and clinical trial materials production in GMP environment for CAN008; the clinical trial materials production can also be transferred to Suzhou facility from current CMO)	274.2	59.9	214.3
Approximately 24.0% will be allocated to fund our major products and product candidates in our pipeline	144.9	50.8	94.1
Approximately 1.8% to fund ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of other nongene therapy products and product candidates in our pipeline	10.9	1.6	9.3
Approximately 12.0% to fund the ongoing and future R&D (including ongoing and planned clinical trials, preparation of registration filings and milestone fees) of CAN201, CAN202 and our other gene therapy programs	72.5	24.7	47.8
The remaining 16.8% of the net proceeds will be allocated to fund the R&D and other general business purposes	101.5	36.3	65.2
Total	604.0	173.3	430.7

Note:

It is expected that the Company will fully utilize the net proceeds raised from the Global Offering by the end of 2023.

Share Options

Reference is made to the announcement of the Company dated June 27, 2022 in relation to the grant of 4,465,000 share options to certain eligible participants pursuant to the share option scheme approved and adopted by the Company on November 18, 2021 (the "**Post-IPO Share Option Scheme**") to subscribe for a total of 4,465,000 Shares. None of the relevant grantees is a Director, chief executive or substantial shareholder of the Company or an associate of any of them. As at June 30, 2022, share options to acquire an aggregate of 4,465,000 Shares, representing approximately 1.05% of the total issued share capital of the Company as at June 30, 2022, were outstanding under the Post-IPO Share Option Scheme.

As at June 30, 2022, share options to acquire an aggregate of 43,010,103 Shares, representing approximately 10.14% of the total issued share capital of the Company as at June 30, 2022, were outstanding under the 2019 equity incentive plan adopted by the Company on July 25, 2019.

OTHER INFORMATION

Compliance with the Corporate Governance Code ("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 adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

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

We have not separated the roles of the Chairman of the Board and the Chief Executive Officer. Dr. James Qun Xue ("**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.

Compliance with Model Code

The Company has devised its own code of conduct for the trading of securities by its Directors and members of senior management of the Group (who are likely to possess inside information about the securities of the Company due to their offices or employments in the Company or its subsidiaries) on terms that no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**").

Having made specific enquiry by the Company, all Directors and members of senior management of the Group have confirmed that they have complied with the required standard set out in the Model Code throughout the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Employee and Remuneration Policy

As at June 30, 2022, the Group had 141 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 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 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 RMB91.1 million (2021: RMB52.1 million). Such increase was primarily due to the increase in share-based payment expenses and the headcount increase of our R&D personnel.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2022.

REVIEW OF INTERIM RESULTS

The Audit Committee has considered and reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 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, 2022 are in compliance with the relevant accounting standards, laws and regulations.

In addition, the Group's auditors, Ernst & Young, have performed an independent review of the Group's interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SCOPE OF WORK OF ERNST & YOUNG

The financial information in respect of the announcement of the Group's results for the six months ended 30 June 2022 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft interim condensed consolidated financial statements. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the results announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.canbridgepharma.com) and the website of the Stock Exchange (www.hkexnews.hk).

The 2022 interim report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and despatched to the shareholders of the Company in September 2022.

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

Hong Kong, August 24, 2022

As at the date of this announcement, the Board of Directors of the Company comprises Dr. James Qun Xue as Chairman and executive Director, Dr. Kan Chen, Dr. Derek Paul Di Rocco and Mr. Edward Hu as non-executive Directors, and Dr. Richard James Gregory, Mr. James Arthur Geraghty, Mr. Peng Kuan Chan and Dr. Lan Hu as independent non-executive Directors.