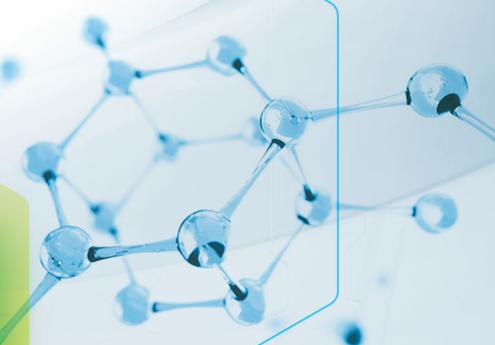


# 2022

## Interim Report



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



(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1228



# CONTENTS

- 2** Definitions
- 5** Corporate Information
- 7** Business Highlights
- 10** Financial Highlights
- 11** Management Discussion and Analysis
- 29** Other Information
- 46** Independent Review Report
- 47** Interim Condensed Consolidated Statement of Profit or Loss
- 48** Interim Condensed Consolidated Statement of Comprehensive Income
- 49** Interim Condensed Consolidated Statement of Financial Position
- 51** Interim Condensed Consolidated Statement of Changes in Equity
- 52** Interim Condensed Consolidated Statement of Cash Flows
- 54** Notes to Interim Condensed Consolidated Financial Information

# DEFINITIONS

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

<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Board” or “Board of Directors”</b>	the board of directors of our Company
<b>“CEO” or “Chief Executive Officer”</b>	chief executive officer of our Company
<b>“CG Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>“China” or “PRC”</b>	People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
<b>“Company” or “Our Company”</b>	CANbridge Pharmaceuticals Inc. (北海康成製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2018
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“connected transaction(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Core Product”</b>	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
<b>“Director(s)”</b>	the directors of the Company
<b>“Dr. Xue”</b>	Dr. James Qun Xue, the founder, Chairman of the Board, executive Director and Chief Executive Officer of our Company
<b>“FDA”</b>	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
<b>“Global Offering”</b>	the Hong Kong public offering and the international offering of the Shares

## DEFINITIONS

<b>“Group”, “our Group”, “our”, “we” or “us”</b>	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
<b>“HKD” or “HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Listing”</b>	the listing of the shares on the Main Board of the Stock Exchange
<b>“Listing Date”</b>	December 10, 2021
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
<b>“NMPA”</b>	the National Medical Products Administration of China (國家藥品監督管理局)
<b>“Nomination and Corporate Governance Committee”</b>	the nomination and corporate governance committee of the Board
<b>“Post-IPO RSU Scheme”</b>	the RSU scheme adopted by our Company on November 18, 2021
<b>“Post-IPO Share Option Scheme”</b>	the share option scheme adopted by our Company on November 18, 2021
<b>“Pre-IPO Equity Incentive Plan” or “2019 Equity Incentive Plan”</b>	the 2019 equity incentive plan adopted by our Company on July 25, 2019, as amended on June 11, 2021
<b>“Prospectus”</b>	the prospectus of the Company dated November 30, 2021
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“Reporting Period”</b>	the six months ended June 30, 2022
<b>“RMB”</b>	Renminbi, the lawful currency of China
<b>“SFO”</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time

## DEFINITIONS

<b>“Share(s)”</b>	ordinary shares in the share capital of our Company with a nominal value of US\$0.00001 each
<b>“Shareholder(s)”</b>	holder(s) of our Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“TFDA”</b>	Taiwan Food and Drug Administration
<b>“U.S.” or “United States”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“USD” or “US\$”</b>	United States dollars, the lawful currency of the United States
<b>“%”</b>	per cent

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Director

Dr. James Qun Xue (*Chairman*)

### Non-executive Directors

Dr. Kan Chen

Dr. Derek Paul Di Rocco

Mr. Edward Hu (*appointed on July 5, 2022*)

Mr. Xiao Le (*resigned on July 5, 2022*)

### Independent Non-executive Directors

Dr. Richard James Gregory

Mr. James Arthur Geraghty

Mr. Peng Kuan Chan

Dr. Lan Hu

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Suite 301

3F, Timeloit

No. 17 Rong Chuang Road

Chaoyang District

Beijing

PRC (Note)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A131, 16/F, Tower 5

The Gateway, Harbour City

15 Canton Road, Tsim Sha Tsui

Hong Kong

## LEGAL ADVISER

*As to Hong Kong law:*

Davis Polk & Wardwell

18/F, The Hong Kong Club Building

3A Chater Road

Hong Kong

## REGISTERED OFFICE

89 Nexus Way

Camana Bay

Grand Cayman

KY1-9009

Cayman Islands

## PRINCIPAL SHARE REGISTRAR

Ogier Global (Cayman) Limited

89 Nexus Way

Camana Bay

Grand Cayman

KY1-9009

Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

## COMPLIANCE ADVISOR

Somerley Capital Limited

20/F, China Building

29 Queen's Road Central

Hong Kong

## PRINCIPAL BANKS

SPD Silicon Valley Bank

22F, Block B, Baoland Plaza

588 Dalian Rd

Shanghai

PRC

Silicon Valley Bank

3003 Tasman Drive

Santa Clara

CA 95054, USA

*Note:* The Company expects to relocate its head office in the PRC to Suzhou, Jiangsu Province in the future.

## CORPORATE INFORMATION

### JOINT COMPANY SECRETARIES

Ms. Qian Ma

Mr. Wai Chiu Wong (*appointed on April 1, 2022*)

Mr. Keith Shing Cheung Wong (*resigned on April 1, 2022*)

### AUTHORIZED REPRESENTATIVES

Dr. James Qun Xue

Mr. Wai Chiu Wong (*appointed on April 1, 2022*)

Mr. Keith Shing Cheung Wong (*resigned on April 1, 2022*)

### AUDIT COMMITTEE

Mr. Peng Kuan Chan (*Chairperson*)

Mr. James Arthur Geraghty (*became a member on February 16, 2022*)

Dr. Kan Chen

Dr. Richard James Gregory (*ceased to be a member on February 16, 2022*)

### REMUNERATION COMMITTEE

Dr. Richard James Gregory (*Chairperson*)

Dr. Lan Hu (*became a member on February 16, 2022*)

Mr. Edward Hu (*became a member on July 5, 2022*)

Mr. Xiao Le (*ceased to be a member on July 5, 2022*)

Mr. James Arthur Geraghty (*ceased to be a member on February 16, 2022*)

### NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. James Qun Xue (*Chairperson*)

Dr. Derek Paul Di Rocco

Dr. Richard James Gregory

Mr. James Arthur Geraghty

Mr. Peng Kuan Chan

### STOCK CODE

1228

### AUDITOR

Ernst & Young

*Certified Public Accountants and*

*Registered Public Interest Entity Auditor*

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

### COMPANY WEBSITE

[www.canbridgepharma.com](http://www.canbridgepharma.com)

# BUSINESS HIGHLIGHTS

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

**Hunterase® (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 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<sup>1</sup> 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 NMPA and the 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. 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.

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.

## BUSINESS HIGHLIGHTS

**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.
- 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.
- We may kick off commercialization of CAN008 in China as a combination therapy with the standard of care for GBM (radiotherapy plus chemotherapy) within the next five years.

**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.

## BUSINESS HIGHLIGHTS

**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.

## 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 report for details.

# 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 NMPA for a CAN106 Phase 1 study in paroxysmal nocturnal hemoglobinuria (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 the NMPA in January 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

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)<sup>1</sup> 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, Inc. (“**LogicBio**”). 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 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.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

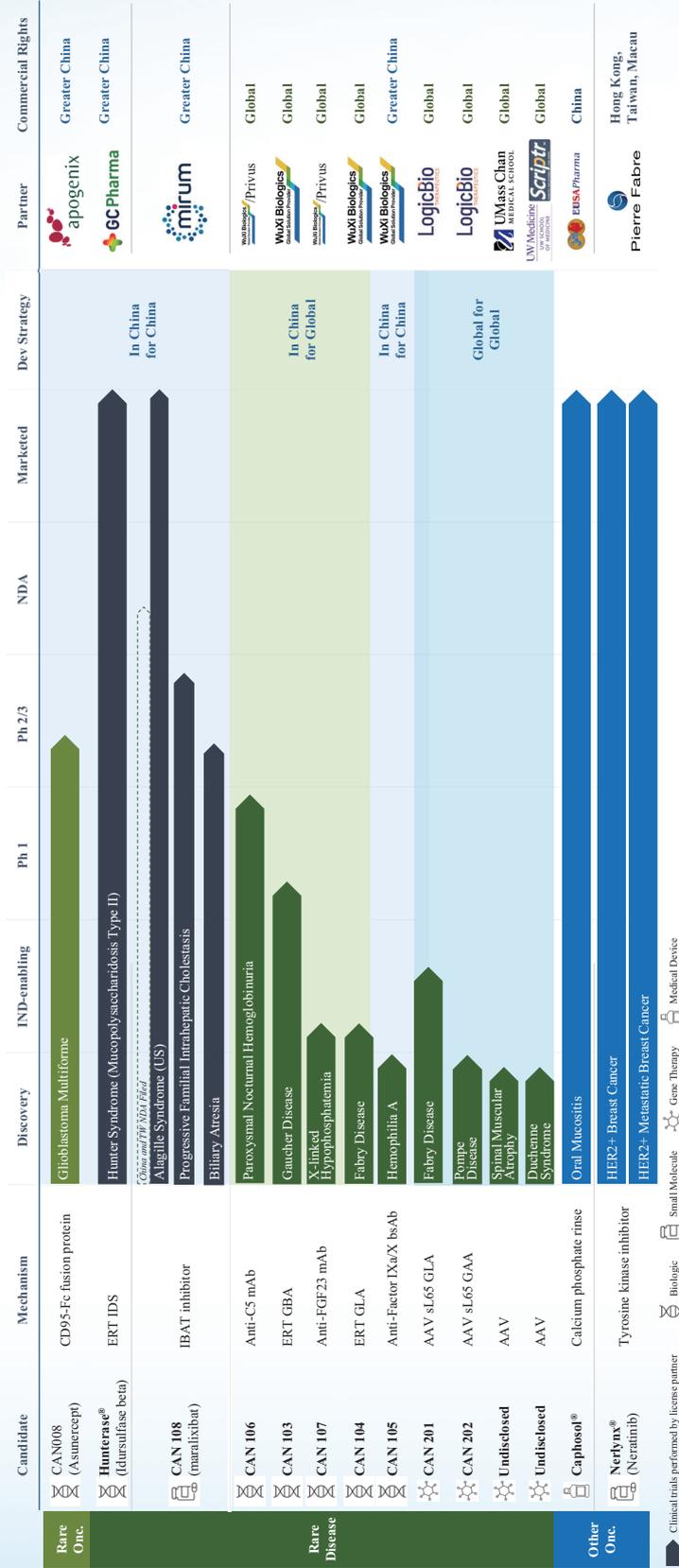
The market size of rare disease drugs in China was approximately USD1.3 billion in 2020, far below that in the U.S. or Europe. The high prevalence of rare diseases in China in 2019, as defined by the FDA, indicates a patient pool potentially more than four times greater than in the U.S., according to 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 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.



Gene Therapy
 Small Molecule
 Biologic
 Medical Device

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 Pharmaceuticals, Inc. (“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, 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 approval from the FDA for maralixibat for ALGS in September 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

- CANbridge and Mirum 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 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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 (Cayman) Inc. (Wuxi Biologics) and Privus Biologics LLC, 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  $\geq 90\%$  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<sup>th</sup> to 22<sup>nd</sup>, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 with a potential interim read out in the second half of 2023.
- We may kick off commercialization of CAN008 in China as a combination therapy with the standard of care for GBM (radiotherapy plus chemotherapy) within the next five years.

### CAN103

- CAN103, a recombinant, human glucocerebrosidase (acid  $\beta$ -glucosidase) 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 called glucocerebroside 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, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

- **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 Weinschenker, 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 Inc. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

- 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. 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 report, the Company has no key events after the Reporting Period that need to be brought to the attention of the Shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 report, 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 report.

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Research and development expenses</b>		
Staff costs	30,567	20,984
Travel and business related expenses	931	739
Technical service fees	11,586	10,436
Testing and clinical trial expenses	100,493	67,022
License fees	12,981	173,283
Other expenses	1,702	2,373
Total	158,260	274,837

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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)

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and 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 the Shareholders, return capital to the 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 as set out in 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. Among all, approximately RMB29.9 million will be due within one year and approximately RMB18.9 million will be due in more than one year but within two years.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 risk 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 in this report, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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)生物科技股份有限公司) (the “VIE”), a company incorporated in the PRC, to gain the economic benefit and control of the VIE. The VIE will engage in businesses which involve research, development and commercialization of gene therapy and related products. Foreign investment activities in the PRC are mainly governed by the Provisions for Guiding the Foreign Investment Direction (《指導外商投資方向規定》), the Industry Guidelines on Encouraged Foreign Investment (2020) (《鼓勵外商投資產業目錄(2020年版)》) and the Special Administrative Measures (Negative List) for the Access of Foreign Investments (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”) (collectively, the “**Relevant PRC Regulations**”), pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, “encouraged”, “permitted”, “restricted” and “prohibited”. Foreign investors shall not invest in any industry forbidden by the Negative List for access of foreign investment. The development and application of gene therapeutic technologies and products falls under the “prohibited” category of the Negative List in the PRC according to the Foreign Investment Law. Details of the Contractual Arrangements are disclosed in the announcement of the Company dated July 8, 2022 (the “**VIE Announcement**”). Through the Contractual Arrangements, the WFOE has effective control over the finance and operation of the VIE, and can enjoy the economic interests and benefits generated by the VIE. Upon the entering into of the Contractual Arrangements, the financial results of the VIE are consolidated into the consolidated financial statements of the Group and the VIE is treated as a subsidiary of the Company.

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

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 report.

### Use of Proceeds from the Global Offering

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

During the Reporting Period, 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”.

## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>Use of proceeds in the same manner and proportion as stated in the Prospectus</b>	<b>Actual use of proceeds during the Reporting Period</b>	<b>Actual use of proceeds as at the end of the Reporting Period</b>	<b>Net proceeds unutilized as at the end of the Reporting Period</b>
	HKD in million	HKD in million	HKD in million	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	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	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	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	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	36.3	65.2
<b>Total</b>	<b>604.0</b>	<b>173.3</b>	<b>173.3</b>	<b>430.7</b>

Note:

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

# OTHER INFORMATION

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to the Shareholders for the six months ended June 30, 2022.

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

As at the June 30, 2022, interests or short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are registered in the register that the Company must keep in accordance with the section 352 of the Securities and Futures Ordinance; or which shall be separately notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, are as follows:

### Interests of our Directors in the Shares or Underlying Shares of the Company

#### Long Positions in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
James Qun Xue	Interest in controlled corporation <sup>(1)</sup>	26,042,380	6.14%
	Founder of a discretionary trust <sup>(2)</sup>	15,000,000	3.54%
	Beneficial interest <sup>(3)</sup>	10,214,470	2.41%
James Arthur Geraghty	Beneficial interest <sup>(4)</sup>	1,950,000	0.46%
Richard James Gregory	Beneficial interest <sup>(5)</sup>	300,000	0.07%
Peng Kuan Chan	Beneficial interest <sup>(6)</sup>	250,000	0.06%

Notes:

- \* The calculation is based on the total number of 424,191,920 Shares issued as at June 30, 2022.
- (1) CTX Pharma Holdings Limited directly held 26,042,380 Shares and is wholly-owned by Dr. Xue.
- (2) 15,000,000 Shares of our Company are held by JQX 2021 Gift Trust (a trust set up by Dr. Xue as settlor, the spouse of Dr. Xue as trustee and Dr. Xue's family members as the beneficiaries, the "Family Trust"). Under the terms of the Family Trust, Dr. Xue has the power to exercise all the voting rights attached to the Shares of our Company. Accordingly, Dr. Xue is deemed interested in the Shares held by the Family Trust.
- (3) Dr. Xue beneficially holds 733,050 Shares of our Company under his own name. Pursuant to the Pre-IPO Equity Incentive Plan, Dr. Xue was granted with Share Options that represent 9,481,420 Shares as adjusted after the Share Subdivision.
- (4) Mr. James Arthur Geraghty beneficially holds 650,000 Shares of our Company under his own name. Pursuant to the Pre-IPO Equity Incentive Plan, Mr. James Arthur Geraghty was granted with Shares Options that represent 1,300,000 Shares.
- (5) Pursuant to the Pre-IPO Equity Incentive Plan, Dr. Richard James Gregory was granted with Shares Options that represent 300,000 Shares.
- (6) Pursuant to the Pre-IPO Equity Incentive Plan, Mr. Peng Kuan Chan was granted with Shares Options of 250,000 Shares.

## OTHER INFORMATION

Save as disclosed above, so far as the Directors are aware, as at the June 30, 2022, none of our Directors or chief executives has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

So far as the Directors or chief executive of the Company are aware, as at June 30, 2022, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long Position in the Shares

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total Shares in issue of the Company*
CTX Pharma Holdings Limited <sup>(1)</sup>	Beneficial interest	26,042,380	6.14%
WuXi AppTech Co., Ltd. (無錫藥明康德新藥開發股份有限公司) ("Wuxi AppTech") <sup>(2)</sup>	Interest in controlled corporation	40,346,960	9.51%
RA Capital Management, L.P. <sup>(3)</sup>	Interest in controlled corporation	60,235,590	14.20%
Peter Kolchinsky <sup>(3)</sup>	Beneficiary of a trust (other than a discretionary interest)	60,235,590	14.20%
Anna Inge Leonore Haas Kolchinsky <sup>(3)</sup>	Interest of spouse	60,235,590	14.20%
Qiming Corporate GP IV, Ltd. <sup>(4)</sup>	Interest in controlled corporation	32,829,330	7.74%
Qiming Venture Partners IV, L.P. <sup>(4)</sup>	Beneficial interest	31,824,490	7.50%

## OTHER INFORMATION

### Notes:

- \* The calculation is based on the total number of 424,191,920 Shares issued as at the June 30, 2022.
- (1) CTX Pharma Holdings Limited is an exempted company with limited liability incorporated in the British Virgin Islands and holds 26,042,380 Shares in our Company. CTX Pharma Holdings Limited is wholly-owned by Dr. Xue.
- (2) WuXi AppTec (HongKong) Limited, company incorporated in Hong Kong on March 26, 2012 holding 20,554,860 Shares of our Company, is a wholly-owned subsidiary of WuXi AppTec. Moreover, WuXi PharmaTech Healthcare Fund I L.P. is an exempted limited partnership established in the Cayman Islands directly holding 19,792,100 Shares in our Company. All limited partnership interests of WuXi PharmaTech Healthcare Fund I L.P. are held by Wuxi Apptec and the general partner of WuXi PharmaTech Healthcare Fund I L.P. is a wholly-owned subsidiary of WuXi AppTec. Accordingly, Wuxi Apptec is deemed interested in the Shares held by each of WuXi AppTec (HongKong) Limited and WuXi PharmaTech Healthcare Fund I L.P..
- (3) RA Capital Management, L.P., a limited partnership formed in Delaware, United States, serves as investment manager of RA Capital Healthcare Fund, L.P., an exempted limited partnership established in Delaware, United States, directly holding 47,185,140 Shares in our Company, RA Capital Nexus Fund, L.P., an exempted limited partnership established in the Delaware, United States, directly holding 9,137,400 Shares in our Company, and Blackwell Partners LLC – Series A, a series limited liability company incorporated in Delaware, United States, holds 3,913,050 Shares in our Company. The general partner of RA Capital Healthcare Fund, LP is RA Capital Healthcare Fund GP, LLC and the general partner of RA Capital Nexus Fund, LP is RA Capital Nexus Fund GP, LLC. Each of RA Capital Healthcare Fund, L.P. and RA Capital Nexus Fund, L.P. is an affiliate of RA Capital Management, L.P.. Accordingly, RA Capital Management, L.P. is deemed interested in the Shares held by each of RA Capital Healthcare Fund, L.P., RA Capital Nexus Fund, L.P. and Blackwell Partners LLC. Based on the disclosure of interests forms submitted by the Shareholders, Mr. Peter Kolchinsky has a controlling interest in RA Capital Management, L.P. Ms. Anna Inge Leonore Kolchinsky is Mr. Peter Kolchinsky's spouse.
- (4) Qiming Venture Partners IV, L.P. and Qiming Managing Directors Fund IV, L.P. are venture capital funds operated under Qiming Venture Partners and registered as exempted limited partnerships in the Cayman Islands. Qiming GP IV, L.P. is the general partner of Qiming Venture Partners IV, L.P., and Qiming Corporate GP IV, Ltd. is the general partner of Qiming GP IV, L.P. Accordingly, each of Qiming GP IV, L.P. and Qiming Corporate GP IV, Ltd. is deemed to be interested in the Shares held by Qiming Venture Partners IV, L.P. Moreover, Qiming Managing Directors Fund IV, L.P. holds 1,004,840 Shares of our Company. Qiming Corporate GP IV, Ltd. is the general partner of Qiming Managing Directors Fund IV, L.P. and is deemed to be interested in the Shares held by Qiming Managing Directors Fund IV, L.P..

Except as disclosed in this section, as far as the Directors are aware, as at June 30, 2022, no person owns interests and short positions in the Shares and underlying Shares which shall be disclosed in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares that the Company must record in the register according to section 336 of the SFO.

### Rights of Directors to Acquire Shares or Debentures

So far as the Directors are aware, during the Reporting Period, none of the Directors or their respective spouses or minor children under the age of 18 years were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of the Company. Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

## OTHER INFORMATION

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

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

### PRE-IPO EQUITY INCENTIVE PLAN

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

Pursuant to a resolution passed by the Board on July 25, 2019, the 2019 equity incentive plan (the "Pre-IPO Equity Incentive Plan") was adopted to inherit and replace the CANbridge Beijing Equity Incentive Plan and share options were granted under the Pre-IPO Equity Incentive Plan to replace the share options of CANbridge Life Sciences previously granted. The terms of the Pre-IPO Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the Pre-IPO Equity Incentive Plan.

#### (a) Summary of terms

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

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

**Duration.** Unless terminated sooner in accordance with the terms of the Pre-IPO Equity Incentive Plan, the Pre-IPO Equity Incentive Plan will continue in effect, with regard to the making of Awards, for a term of ten years from their respective effective date. Awards granted during the term of the Pre-IPO Equity Incentive Plan may continue to be valid and exercisable in accordance with their terms of grant. The Pre-IPO Equity Incentive Plan has a remaining life of approximately 7 years. No further Awards will be granted under the Pre-IPO Equity Incentive Plan.

## OTHER INFORMATION

**Maximum Number of Shares.** As at the Listing Date, the maximum number of Shares that may be subject to the Awards granted and sold under the 2019 Equity Incentive Plan is 54,549,230 Shares and Share Options (including those have subsequently lapsed or been fully exercised) to subscribe for 55,708,000 Shares thereof had been granted. No Share Options were granted under the Pre-IPO Equity Incentive Plan from the Listing Date to the end of the Reporting Period. As at June 30, 2022, (i) Share Options to subscribe for 5,837,847 Shares had lapsed following the resignation of certain grantees; (ii) Share Options corresponding to 6,860,050 Shares had been exercised; and (iii) Share Options corresponding to the remaining 43,010,103 Shares were outstanding. No Shares remain available for grant under the Pre-IPO Equity Incentive Plan as at June 30, 2022. At all times during the term of the Pre-IPO Equity Incentive Plan and while any Awards are outstanding, the Company will retain as authorized and unissued Shares at least the number of Shares from time to time required to satisfy the terms of the Pre-IPO Equity Incentive Plan and such Awards, or otherwise assure itself of its ability to perform its obligations thereunder.

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

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

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

## OTHER INFORMATION

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

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

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

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

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

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

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

## OTHER INFORMATION

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

As at the Listing Date, our Company had granted Share Options under the Pre-IPO Equity Incentive Plan to 172 grantees to subscribe for an aggregate of 55,708,000 Shares (including grantees whose Shares Options have subsequently lapsed or been exercised). No Share Options were granted under the Pre-IPO Equity Incentive Plan from the Listing Date to the end of the Reporting Period. As at June 30, 2022, Share Options to subscribe for 5,837,847 Shares had lapsed following the resignation of certain grantees and Share Options corresponding to 6,860,050 Shares had been exercised. Accordingly, as of 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, were outstanding under the Pre-IPO Equity Incentive Plan. As of June 30, 2022, the grantees of outstanding Share Options under the Pre-IPO Equity Incentive Plan include Dr. Xue as our CEO and 3 other Directors, 9 consultants and 134 other employees of our Group. Below is a list of grantees of outstanding Share Options (excluding lapsed and exercised Share Options) under the Pre-IPO Equity Incentive Plan.

Name of grantee	Position held within our Group	Exercise price (per share)	Number of Shares underlying the outstanding Share Options as of		Vesting period <sup>(Note 4)</sup>	Number of Shares exercised during the Reporting Period	Number of Shares cancelled/lapsed during the Reporting Period	Number of Shares underlying the outstanding Share Options as of June 30, 2022
			January 1, 2022	Date of grant <sup>(Note 5)</sup>				
James Qun Xue	Chairman of the Board,	USD0.185	620,280	October 17, 2018	<i>Note 1</i>	–	–	620,280
	executive Director and	USD0.52	3,861,140	October 17, 2018	<i>Note 1</i>	–	–	3,861,140
	Chief Executive Officer	USD1.179	5,000,000	June 11, 2021	<i>Note 1</i>	–	–	5,000,000
James Arthur Geraghty	Independent	RMB0.622	50,000 <sup>(Note 6)</sup>	December 31, 2018	<i>Note 2</i>	–	–	50,000
	non-executive Director	USD0.589	1,000,000	July 25, 2019	<i>Note 1</i>	–	–	1,000,000
		USD1.179	250,000	June 11, 2021	<i>Note 1</i>	–	–	250,000
Richard James Gregory	Independent non-executive Director	USD0.706	300,000	April 7, 2020	<i>Note 3</i>	–	–	300,000
Peng Kuan Chan	Independent non-executive Director	USD0.753	250,000	June 11, 2021	<i>Note 1</i>	–	–	250,000

## OTHER INFORMATION

Name of grantee	Position held within our Group	Exercise price (per share)	Number of Shares underlying the outstanding Share Options as of January 1, 2022 <sup>(Note 5)</sup>	Date of grant	Vesting period <sup>(Note 4)</sup>	Number of Shares exercised during the Reporting Period	Number of Shares cancelled/lapsed during the Reporting Period	Number of Shares underlying the outstanding Share Options as of June 30, 2022
<b>9 Consultants</b>								
		0 – US\$1.179	3,500,630	May 1, 2013 – November 8, 2021	<i>Note 1</i>	–	177,077	3,323,553
<b>134 other employees of the Group</b>								
		RMB0.1 – USD1.179	31,513,130	August 7, 2013 – November 8, 2021	Six months from date of grant to five years from date of grant	–	3,158,000	28,355,130
<b>Total:</b>			46,345,180			–	3,335,077	43,010,103

### Notes:

- The vesting schedule for these options is: (i) 25% to be vested one year from the date of grant and (ii) 75% to be vested in equal monthly installments over the subsequent 36 months thereafter.
- The vesting schedule for these options is: 100% to be vested in equal monthly installments over the 30 months from the date of grant.
- The vesting schedule for these options is: 100% to be vested in equal monthly installments over the 36 months from the date of grant.
- The vesting period refers to the period that the Share Options are vested.
- The share closing price immediately before the date of grant of the Share Options are not applicable as the Share Options were granted before the Listing Date.
- These options have been exercised as of the date of this report.

No Share Option under the Pre-IPO Equity Incentive Plan has been granted to other connected persons of the Company and no consideration was paid for the Share Options granted.

## OTHER INFORMATION

### (c) Restricted share units and restricted shares

As at June 30, 2022, no restricted share units or restricted shares have been granted under the Pre-IPO Equity Incentive Plan.

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

## POST-IPO RSU SCHEME

The Company has conditionally adopted the Post-IPO RSU Scheme by Shareholders' resolutions dated November 18, 2021. The Post-IPO RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme does not involve the grant of options by our Company. The Company may appoint a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any Award (as defined below), by way of restricted share unit(s) ("**RSU(s)**"), which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

### 1. Eligible Persons to the Post-IPO RSU Scheme

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

### 2. Purpose of the Post-IPO RSU Scheme

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

### 3. Awards

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

### 4. Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), further subject to an annual limit of 5% of the total number of issued share capital of the Company at the relevant time.

## OTHER INFORMATION

### 5. Vesting of Awards

The Board may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

### 6. Duration and Termination

The Post-IPO RSU Scheme has a remaining life of approximately 9 years. The Post-IPO RSU Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the date on which this scheme is adopted except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant.

### 7. Administration of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme shall be subject to the administration of the Board in accordance with the Post-IPO RSU Scheme and, where applicable, the Trust Deed. The authority to administer the scheme may be delegated by the Board to a committee of the Board or any person(s) as deemed appropriate at the sole discretion of the Board.

### 8. General

As of June 30, 2022, no RSU had been granted or agreed to be granted under the Post-IPO RSU Scheme.

Further details of the Post-IPO RSU Scheme are set out in the Prospectus.

## POST-IPO SHARE OPTION SCHEME

A summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolutions of our Shareholders on November 18, 2021 is as follows.

### 1. Purpose

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

## OTHER INFORMATION

### 2. Selected participants

Any individual, being an employee, director, officer, consultant or advisor of any member of our Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) (“**Eligible Person**”) who the Board may in its absolute discretion select to grant an Option (the “**Option(s)**”) to subscribe for such number of Shares as the Board may determine at the Subscription Price (as defined below).

### 3. Maximum number of Shares

The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other option scheme over Shares shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme (i.e. 36,794,092 Shares) (or of the refreshing of the 10% limit) by the Shareholders. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the 10% limit. Within the aforesaid 10% limit (or alternatively subject to the approval of the Shareholders in general meeting), the maximum number of Shares to be issued upon exercise of all outstanding Options under this Post-IPO Share Option Scheme may be increased by increments as determined by the Board, provided that the total number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Share Option Scheme and all other schemes of the Company granted and yet to be exercised does not exceed 30% of all the Shares of the same class in issue from time to time. No Option may be granted under the Post-IPO Share Option Scheme if this will result in the limit being exceeded.

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

### 4. Subscription Price

The amount payable for each Share to be subscribed for under an option (“**Subscription Price**”) in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the highest of: (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant, provided that, for the purpose of determining the Subscription Price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in the Company’s Global Offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

## OTHER INFORMATION

### 5. Maximum entitlement of a grantee

Except with the approval of the Shareholders in general meeting with the prospective Grantee and his associates abstaining from voting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other Option over the Shares (including exercised, canceled and outstanding Options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such prospective Grantee shall be fixed before the Shareholders' approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

### 6. Time of exercise of an Option

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

### 7. Lapse of Option

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

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

## OTHER INFORMATION

- (d) where the Grantee is an Eligible Person of a subsidiary or a consolidated affiliated entity of the Company, the date on which such subsidiary or consolidated affiliated entity of the Company ceases to be a member of the Group;
- (e) the date on which the Option is canceled by the Board;
- (f) the date on which the Grantee commits a breach of relevant clauses that rights are personal to the Grantees; or
- (g) the occurrence or non-occurrence of any event, expiry of any period, or nonsatisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

### 8. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. The Post-IPO Share Option Scheme has a remaining life of approximately 9 years.

### 9. Termination

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

### 10. Value of Option

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as of the June 30, 2022. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of June 30, 2022 would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

### 11. Administration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board.

## OTHER INFORMATION

### 12. General

As of June 30, 2022, the grantees under the Post-IPO Share Option Scheme include 30 other employees of the Group. Details of the Options granted under the Post-IPO Share Option Scheme as of June 30, 2022 are set out below:

Grantee	Exercise price	Date of grant	Vesting period	Outstanding as of January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of June 30, 2022
<i>30 other employees of the Group</i>	HKD3.90	June 27, 2022 <sup>(Note 1)</sup>	Note 2	-	4,465,000	-	-	-	4,465,000

Notes:

- The closing price of the Shares immediately before the date on which the Options were granted was HKD3.81.
- Approximately 38.07% of the 4,465,000 Share Options granted are subject to the following time vesting conditions and individual performance review: 25% shall vest on June 27, 2023, being the first anniversary of the Date of Grant (the "First Vesting Date"), and 75% shall vest on a monthly basis within thirty six (36) months from the First Vesting Date. Approximately 61.93% of the 4,465,000 Share Options granted are subject to the following time vesting conditions and individual performance review: 20% shall vest on June 27, 2023, 20% shall vest on June 27, 2024, 20% shall vest on June 27, 2025 and 40% shall vest on June 27, 2026.

The total number of Shares that could be issued upon exercise of (i) all outstanding Options under the Post-IPO Share Option Scheme, and (ii) all Options that could be granted under the then available scheme mandate limit as at June 30, 2022 was 4,465,000 and 32,329,092 Shares respectively, which represented about 1.05% and 7.62% of the issued share capital of the Company as at the date of this report respectively.

Further details of the Post-IPO Share Option Scheme are set out in the Prospectus.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE 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 CG Code has been applicable to the Company with effect from the Listing Date.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the period from the Listing Date to June 30, 2022, save for the deviation from the then code provision C.2.1 as disclosed below.

## OTHER INFORMATION

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

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

## 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.

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. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

As of June 30, 2022, the Audit Committee has three members comprising Mr. Peng Kuan Chan (Chairman), Mr. James Arthur Geraghty and Dr. Kan Chen, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 (including this report) and the accounting principles and practices adopted by the Group, and has discussed with the 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 Hong Kong Institute of Certified Public Accountants.

## OTHER INFORMATION

### LEGAL PROCEEDINGS

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

### CHANGE IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

#### (i) Change in Directors and Composition of Board Committees

During the Reporting Period, (i) Mr. Xiao Le resigned as a non-executive Director and a member of the Remuneration Committee, and Mr. Edward Hu was appointed as a non-executive Director and a member of the Remuneration Committee, with effect from July 5, 2022; and (ii) Dr. Lan Hu was appointed as an independent non-executive Director and a member of the Remuneration Committee with effect from February 16, 2022; and (iii) with effect from February 16, 2022, (a) Mr. James Arthur Geraghty (“**Mr. Geraghty**”) has ceased to be a member of the Remuneration Committee, (b) Dr. Richard James Gregory has ceased to be a member of the Audit Committee, and (c) Mr. Geraghty was appointed as a member of the Audit Committee.

#### (ii) Change in Biographies of Directors

During the Reporting Period, here below were the changes in biographies of the Directors:

1. Mr. Edward Hu was appointed as the director of Ambrx Biopharma Inc. (NYSE: AMAN) in July 2022; and
2. Dr. Derek Paul Di Rocco resigned as the non-executive director of Achilles Therapeutics plc (NASDAQ: ACHL) on May 3, 2022.

#### (iii) Change in Senior Management

During the Reporting Period, there were no changes in Senior Management.

Save as disclosed in this report, there are no other changes to the Directors’ and senior management’s information as required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

## OTHER INFORMATION

### 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.

### EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as disclosed above, the Company is not aware of any material subsequent events after the end of the Reporting Period which requires disclosure in this report.

# INDEPENDENT REVIEW REPORT



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

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

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

## To the board of directors of CANbridge Pharmaceuticals Inc.

(Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 47 to 68, which comprises the condensed consolidated statement of financial position of CANbridge Pharmaceuticals Inc. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

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

#### Ernst & Young

*Certified Public Accountants*

Hong Kong

24 August 2022

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Audited) RMB'000
<b>LOSS FOR THE PERIOD</b>	<b>(249,012)</b>	(344,203)
<b>OTHER COMPREHENSIVE INCOME</b>		
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
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>42,348</b>	18,589
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(206,664)</b>	(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
<b>NON-CURRENT ASSETS</b>			
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
<b>CURRENT ASSETS</b>			
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
<b>CURRENT LIABILITIES</b>			
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
<b>NET CURRENT ASSETS</b>		439,474	625,931
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		627,805	706,742
<b>NON-CURRENT LIABILITIES</b>			
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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	13	28	28
Reserves		506,777	693,363
Total equity		506,805	693,391

---

Executive Director: Dr. James Qun Xue

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent						
	Share capital	Share premium	Contributed surplus	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	28	3,461,026	9,581	59,338	(2,927,130)	90,548	693,391
Loss for the period	-	-	-	-	(249,012)	-	(249,012)
Exchange differences	-	-	-	-	-	42,348	42,348
Total comprehensive income for the period	-	-	-	-	(249,012)	42,348	(206,664)
Share-based payments	-	-	-	20,078	-	-	20,078
At 30 June 2022 (unaudited)	28	3,461,026*	9,581*	79,416*	(3,176,142)*	132,896*	506,805

	Attributable to owners of the parent						
	Share capital	Contributed surplus	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (audited)	5	9,581	16,783	33,236	(1,850,124)	44,663	(1,745,856)
Loss for the period	-	-	-	-	(344,203)	-	(344,203)
Exchange differences	-	-	-	-	-	18,589	18,589
Total comprehensive income for the period	-	-	-	-	(344,203)	18,589	(325,614)
Share-based payments	-	-	-	6,672	-	-	6,672
At 30 June 2021 (audited)	5	9,581	16,783	39,908	(2,194,327)	63,252	(2,064,798)

\* These reserve accounts comprise the consolidated reserves of RMB506,777,000 in the interim condensed consolidated statements of financial position as at 30 June 2022.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Audited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(249,012)</b>	(344,203)
Adjustments for:			
Finance costs		<b>2,482</b>	1,558
Foreign exchange differences, net		<b>16,915</b>	608
Interest income		<b>(1,214)</b>	(1,124)
Gain on disposal of right-of-use assets		<b>(377)</b>	–
Gain on disposal of an intangible asset		<b>–</b>	(9,727)
Loss on disposal of items of property, plant and equipment		<b>1,612</b>	–
Depreciation of property, plant and equipment		<b>1,085</b>	953
Amortisation of intangible assets		<b>3,335</b>	3,775
Depreciation of right-of-use assets		<b>4,686</b>	2,573
Fair value changes of convertible redeemable preferred shares		<b>–</b>	21,848
Fair value changes of derivative financial instruments		<b>–</b>	(34,454)
Share-based payment expenses		<b>20,078</b>	6,672
		<b>(200,410)</b>	(351,521)
Decrease/(increase) in inventories		<b>3,846</b>	(716)
Increase in trade receivables		<b>(5,412)</b>	(88)
Decrease/(increase) in prepayments, other receivables and other assets		<b>15,996</b>	(11,902)
Increase/(decrease) in trade payables		<b>64,700</b>	(4,605)
(Decrease)/increase in other payables and accruals		<b>(26,640)</b>	6,549
Interest received		<b>707</b>	1,124
Net cash flows used in operating activities		<b>(147,213)</b>	(361,159)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Audited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of an intangible asset		–	131,426
Purchases of items of right-of-use assets		(18,880)	–
Purchases of items of property, plant and equipment		(8,270)	(2,773)
Additions to intangible assets		–	(72)
Net cash flows (used in)/from investing activities		(27,150)	128,581
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of convertible redeemable preferred shares		–	334,899
Proceeds from issue of shares		–	885
Proceeds from bank and other borrowings		33,349	–
Repayment of bank and other borrowings		(15,437)	(15,833)
Payment of listing expenses		(2,172)	(716)
Interest paid on bank loans		(1,125)	(807)
Payment of lease liabilities		(4,605)	(3,045)
Increase in deposits pledged for lease		(11,515)	–
Net cash flows (used in)/from financing activities		(1,505)	315,383
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(175,868)</b>	82,805
Cash and cash equivalents at beginning of period		745,815	360,804
Effect of foreign exchange rate changes, net		23,154	(1,509)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>593,101</b>	442,100
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		604,616	442,100
Cash and bank balances as stated in the interim condensed consolidated statement of financial position		604,616	442,100
Pledged deposits		(11,515)	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		593,101	442,100

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 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 IAS34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 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	<i>Reference to the Conceptual Framework</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) *Non-current assets*

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<i>Revenue from contracts with customers</i>	<b>34,728</b>	12,192
Disaggregated revenue information for revenue from contracts with customers		
<b>Types of goods or services</b>		
Sale of medical products	<b>34,728</b>	12,192
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>34,728</b>	12,192

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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
	<b>91,061</b>	52,123
Foreign exchange difference, net	16,915	608

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 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).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 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 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation:	<b>(249,012)</b>	(344,203)

	Number of shares For the six months ended 30 June	
	2022 (Unaudited)	2021 (Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<b>424,191,920</b>	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).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	<b>14,381</b>	9,141
Over 3 months	<b>172</b>	–
	<b>14,553</b>	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

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 6 months	<b>70,456</b>	43,607
Over 6 months	<b>37,851</b>	–
	<b>108,307</b>	43,607

## 13. SHARE CAPITAL

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

### The New Plan

A new share incentive plan (the “New Plan”) became effective on 25 July 2019 when the board 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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

### Post-IPO Option Plan and Post-IPO RSU Plan (Continued)

The following share options were outstanding under the New Plan and the Post-IPO Share Option Plan during six months ended 30 June 2022:

	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		

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 14. SHARE-BASED PAYMENT SCHEMES (CONTINUED)

### Fair value of share options

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options. The following table lists the key assumptions that the model used.

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

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.

The fair value of share options which were yet to be exercised were included in share-based payments reserve. The amount will either be transferred to the share premium account when the related options are exercised or be reversed should the related options be forfeited.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 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:

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

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

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

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 15. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties

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

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

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

### 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Financial liabilities				
Non-current portion of Interest-bearing bank borrowings	<b>18,876</b>	-	<b>19,191</b>	-

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

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

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

### Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 30 June 2022 (31 December 2021:Nil).

## 17. EVENTS AFTER THE REPORTING PERIOD

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

## 18. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 24 August 2022.