EVEREST MEDICINES
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Everest Medicines Limited
雲頂新耀有限公司

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

Stock Code 股份代號 : 1952

引領新藥
光耀生命

Better Medicines
Better Life

Interim Report 中期報告 2024

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wei Fu (傅唯) *(Chairman of the Board)*

Mr. Yongqing Luo (羅永慶)

Mr. Ian Ying Woo (何穎)

Non-Executive Directors

Mr. Yubo Gong (龔聿波)
(resigned with effect from 9 February 2024)

Ms. Lan Kang (康嵐)
(resigned with effect from 12 January 2024)

Mr. William Ki Chul Cho (曹基哲)
(appointed with effect from 12 January 2024)

Mr. Honggang Feng (馮洪剛)
(appointed with effect from 9 February 2024)

Independent Non-executive Directors

Mr. Shidong Jiang (蔣世東)

Mr. Yifan Li (李軼梵)

Ms. Hoi Yam Chui (徐海音)

AUDIT COMMITTEE

Mr. Yifan Li (李軼梵) *(Chairperson)*

Mr. Shidong Jiang (蔣世東)

Ms. Hoi Yam Chui (徐海音)

REMUNERATION COMMITTEE

Ms. Hoi Yam Chui (徐海音) *(Chairperson)*

Mr. Wei Fu (傅唯)

Mr. Shidong Jiang (蔣世東)

NOMINATION COMMITTEE

Mr. Wei Fu (傅唯) *(Chairperson)*

Mr. Yifan Li (李軼梵)

Ms. Hoi Yam Chui (徐海音)

JOINT COMPANY SECRETARIES

Ms. Leah Liu (劉栩昕)

Ms. Yee Wa Lau (劉綺華)

AUTHORISED REPRESENTATIVES

Mr. Ian Ying Woo (何穎)

Ms. Yee Wa Lau (劉綺華)

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Certified Public Accountants and Registered Public Interest Entity Auditor

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COMPANY WEBSITE

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Business Highlights

China's economy sustained a moderate pace of recovery in the first half year of 2024, but its macro-economic landscape remained challenging amid liquidity crunch and geopolitical tensions, which resulted in enduring pressure on the biotech sector. The HSHKBIO index declined almost 30% in the first six months of the year. Against the backdrop of this challenging environment, Everest Medicines continued to outperform its peers and the broader sector by strengthening its commercial platform and leveraging its high-quality product portfolio. Strategic policy support aimed at stabilizing and energizing China's economy expanded in early July, with the healthcare sectors set to benefit from new policies supporting innovative drug development and market access, and accelerated R&D approvals among other areas. Given this growing government support and Everest's solid performance, we are confident in Everest Medicines' growth toward becoming a leading biopharma in Asia Pacific.

The Company is now a fully integrated biopharma company with capabilities from discovery, clinical development to manufacturing and commercialization. We are active in business development and seek to leverage synergies across our entire scientific and commercial organization, and to identify new assets that fit within our strategic therapeutic areas of focus in renal, infectious and autoimmune diseases. This year we have been focused on the commercial launch of NEFECON® in China as a first-in-disease treatment for IgA nephropathy, as well as growing XERAVA® sales through deepening and broadening its penetration to additional hospitals. The entire company and leadership team is committed to continued execution to bring our innovative medicines to more patients around the world.

In the first half of 2024, we have achieved the milestones below:

RENAL PRODUCTS PORTFOLIO

NEFECON®, *our anchor drug in the renal therapeutic area, is a novel oral formulation of budesonide that targets the origin of immunoglobulin A nephropathy ("IgAN"). The formulation is designed as a delayed release capsule that is enterically coated so that it remains intact until it reaches the Peyer's patch region of the ileum, in the lower portion of the small intestine. Each capsule contains coated beads of budesonide that target mucosal B-cells present in the ileum where the disease originates. NEFECON® received approval from China National Medical Products Administration ("NMPA") for the treatment of primary IgAN in November 2023 and commercially launched in mainland China in May 2024.*

— In March 2024, Singapore Health Sciences Authority approved NEFEGAN® for the treatment of primary IgAN in adults at risk of disease progression. NEFEGAN®, known in other Everest's territories as NEFECON®, was the first ever treatment for IgAN fully approved by the U.S. Food and Drug Administration ("FDA"), and Singapore marks the third region in Everest's territories that received New Drug Application ("NDA") approval after Macau and mainland China. The product has been launched in Singapore following its approval.

— In March 2024, our partner Calliditas Therapeutics AB ("Calliditas") announced that the FDA has granted an orphan drug exclusivity period of seven years for TARPEYO® (the U.S. trade name for NEFECON®), expiring in December 2030 based on when the company obtained full approval with a new indication for this drug product.

— In April 2024, our partner Calliditas announced additional data analyses from the 2-year Phase 3 NefIgArd trial evaluating NEFECON® in patients with IgAN were presented at the ISN World Congress of Nephrology. The data showed the treatment effect of NEFECON® on the risk of kidney function decline was consistent regardless of baseline urine protein creatinine ratio ("UPCR") and there were no meaningful differences in any quality of life ("QoL") domains between NEFECON® and placebo groups after 9 months of treatment.

— In April 2024, our partner Calliditas announced positive results of the global Open Label Extension ("OLE") study to the Phase 3 NefIgArd study. The OLE study was designed to provide 9 months of treatment with NEFECON® for all patients who completed the NefIgArd study and who at that time had > 1g/g of proteinuria over 24h and>30 ml/min of estimated glomerular filtration rate ("eGFR"). Topline data from the OLE study showed that the treatment response was consistent with the NefIgArd study's findings regarding the endpoints of UPCR and eGFR at 9 months across all patients, irrespective of whether they had previously been treated with NEFECON® or with placebo. The safety data after 9 months of treatment or retreatment with NEFECON® in patients who completed the NefIgArd study were consistent with previously reported safety data.

— In April 2024, the Hong Kong Department of Health approved NEFECON® for the treatment of primary IgAN in adults at risk of disease progression. Hong Kong marks the fourth region in Everest territories that NEFECON® received NDA approval after Singapore, Macau and mainland China.

— In May 2024, NEFECON® was successfully launched in mainland China. The official launch of NEFECON® marks the inception of better patient care in mainland China, heralding a new era in the treatment of IgAN. The first prescription of NEFECON® was issued through an internet hospital, enhancing speed and convenience of delivering medication to patients and improving their accessibility. As part of the pre-launch preparation, Everest had initiated an early access program in the Hainan Boao pilot zone in 2023. Approximately 700 patients registered for this program. Following the NDA approval of NEFECON® in Macau in December 2023, a few hundred patients from mainland China received prescription of the medication in Macau. In addition, over 23,000 Chinese patients have registered in an IgAN patient program. These initiatives highlight the urgent and unmet medical needs for NEFECON® in IgAN patients, and provide a foundation for the rapid adoption in mainland China.

— In May 2024, our partner Calliditas disclosed Asahi Kasei Corporation's ("Asahi Kasei") public cash offer to acquire all shares in Calliditas for SEK 208 in cash per Share (the "Offer"). The Offer will also include a concurrent offer by Asahi Kasei to acquire all American Depositary Shares ("ADS"), each representing two Shares in Calliditas, for SEK 416 in cash per ADS, which will be conducted pursuant to the securities rules of the United States. The total value of the Offer corresponds to SEK 11,164 million.

— In June 2024, our partner Calliditas announced an analysis of the treatment benefits of NEFECON® compared with sparsentan in IgAN at the 61st European Renal Association Congress (ERA 2024). The presented analysis showed that treatment with NEFECON® 16 mg/day for 9 months was associated with eGFR benefit compared with continuous treatment with sparsentan 400 mg/day over 2 years.

Business Highlights

Post-Reporting Period achievements and expected milestones:

- In July 2024, the NMPA accepted the submission of a supplemental NDA seeking full approval of NEFECON® based on the complete clinical data from the global Phase 3 NeflgArd study. NEFECON® is expected to become the first-in-disease IgAN treatment to receive full approval by the NMPA.

- In July 2024, our partner Calliditas announced that the European Commission has granted a full marketing authorization for Kinpeygo (the European trade name for NEFECON®) for the treatment of adults with primary IgAN.

- We expect to report topline results from our open label study of NEFECON® in China in the second half of 2024.

- We expect to receive NEFECON® NDA approval in South Korea in the second half of 2024.

- We expect to commercially launch NEFECON® in Hong Kong in the second half of 2024.

- We expect inclusion of NEFECON® in the Kidney Disease: Improving Global Outcomes ("KDIGO") 2024 guidelines as well as in the first Chinese guideline for IgAN in the second half of 2024.

Zetomipzomib *is a novel, first-in-class, selective immunoproteasome inhibitor currently being evaluated for a range of immune-mediated disorders, including lupus nephritis ("LN"). It was licensed from Kezar Life Sciences ("Kezar") in September 2023 for development and commercialization in Greater China, South Korea, and Southeast Asia.*

- In February 2024, the Center for Drug Evaluation (CDE) of NMPA approved Kezar's IND application of zetomipzomib for initiation of the Phase 2b PALIZADE trial in China in patients with active LN. LN is the most common secondary immune-mediated glomerular disease, which may gradually lead to kidney failure. There are an estimated 400,000-600,000 LN patients in China.

Post-Reporting Period achievements and expected milestones:

- In July 2024, the first Chinese patient was dosed in the global Phase 2b PALIZADE trial for the treatment of active LN. Leveraging the Company's strengths in clinical development, regulatory filing, and commercialization, Everest Medicines will accelerate the development of zetomipzomib to benefit patients in China as soon as possible.

EVER001 (previously known as XNW1011), *is the next-generation covalent reversible Bruton's tyrosine kinase ("BTK") inhibitor in development globally for the treatment of renal diseases.*

Post-Reporting Period achievements and expected milestones:

- We expect to report Phase 1b topline results from EVER001 in membranous nephropathy in the second half of 2024.

INFECTIOUS DISEASE PORTFOLIO

XERAVA® (eravacycline) *is a novel, fully synthetic fluorocycline intravenous antibiotic for the treatment of infections caused by susceptible gram-positive, gram-negative and anaerobic pathogens including multidrug resistant ("MDR") isolates. XERAVA® received NMPA approval for the treatment of complicated intra-abdominal infections in adults in March 2023 and commercially launched in mainland China in July 2023.*

— In January 2024, eravacycline's clinical breakpoint was officially approved by the Expert Committee of the National Health Commission on Antimicrobial Susceptibility Testing and Standard Research (ChinaCAST), so that the drug can be used more accurately in clinical practice in China.

Post-Reporting Period achievements and expected milestones:

— In August 2024, the Expert Committee on Clinical Application and Resistance Evaluation of Antimicrobial Drugs of the National Health Commission published positive interim results from the "Comprehensive Evaluation Project on the Clinical Application of Eravacycline". The results showed that the overall efficacy rate of eravacycline was 89.0% at the end of treatment, and the incidence of adverse effect was only 2.9%.

Taniborbactam *is a beta-lactamase inhibitor ("BLI") that, in combination with cefepime, may offer a potential treatment option for patients with serious bacterial infections caused by difficult-to-treat resistant gram-negative bacteria, most notably carbapenem-resistant Enterobacterales ("CRE") and carbapenem-resistant Pseudomonas aeruginosa ("CRPA").*

— In February 2024, our partner Venatorx Pharmaceuticals announced that The New England Journal of Medicine (NEJM) published the results of the CERTAIN-1 Phase 3 clinical study of cefepime-taniborbactam for the treatment of adult patients with complicated urinary tract infections ("cUTI"), including acute pyelonephritis. The results showed that cefepime-taniborbactam was superior to meropenem for the treatment of cUTI that included acute pyelonephritis, with a similar safety profile to meropenem.

Post-Reporting Period achievements and expected milestones:

— We expect to submit NDA of cefepime-taniborbactam for the cUTI indication in mainland China in 2025.

AUTOIMMUNE DISEASE PORTFOLIO

VELSIPITY® (etrasimod) *is an oral, once-a-day, selective sphingosine 1-phosphate (S1P) receptor modulator designed for optimized pharmacology and engagement of S1P receptors 1, 4, and 5. The drug has been licensed from Pfizer Inc. ("Pfizer") and received FDA approval for adults with moderately to severely active ulcerative colitis as VELSIPITY® in October 2023.*

- In February 2024, our partner Pfizer announced that the European Commission has granted marketing authorization for VELSIPITY® (etrasimod) in the European Union to treat patients 16 years of age and older with moderately to severely active ulcerative colitis ("UC") who have had an inadequate response, lost response, or were intolerant to either conventional therapy, or a biological agent.

- In March 2024, Pharmaceutical Administration Bureau of the Macau Special Administrative Region, China, accepted Everest's NDA for VELSIPITY® (etrasimod) for the treatment of moderately to severely active UC.

- In April 2024, Pharmaceutical Administration Bureau of the Macau Special Administrative Region, China approved the NDA for VELSIPITY® (etrasimod) for the treatment of adult patients with moderately to severely active UC. It marks the first approval of VELSIPITY® in Everest territories. The number of UC patients in China is projected to double from 2019 to 2030 to approximately one million, highlighting the urgent need for novel treatments. Leveraging the preferential policies in the Greater Bay Area of China, we're poised to accelerate drug accessibility for mainland China following the Macau approval.

- In May 2024, Singapore Health Sciences Authority approved VELSIPITY® (etrasimod) for adults with moderately to severely active UC.

Post-Reporting Period achievements and expected milestones:

- In July 2024, Everest announced positive topline data results of the maintenance period from a multi-center Phase 3 clinical trial of etrasimod in Asia for the treatment of subjects with moderately-to-severely active UC. This is the largest Phase 3 trial of moderately-to-severely active UC in Asia completed to date, with 340 eligible subjects randomized to treatment with etrasimod or placebo. The data of maintenance period confirmed that, after 40 weeks of treatment, etrasimod demonstrated significant clinical and statistical improvements over placebo in the primary and all key secondary endpoints ($p<0.0001$), and other secondary endpoints (including mucosal healing and endoscopic normalization, both $p<0.0001$). The safety profile of etrasimod was consistent with previous studies, with no new safety signals observed.

- We expect to commercially launch VELSIPITY® (etrasimod) in Macau and take advantage of the preferential policies in the Greater Bay Area of China to accelerate drug accessibility to patients in China in the second half of 2024.

- We expect to submit NDA for VELSIPITY® (etrasimod) to China's NMPA for approval in the second half of 2024.

- We expect to submit NDA for VELSIPITY® (etrasimod) in Hong Kong in the second half of 2024.

mRNA PLATFORM

The clinically-validated mRNA platform is a core part of our discovery efforts and the Company made an important strategic transformation in 2024 by terminating the collaboration and license agreement with Providence Therapeutics Holdings Inc. ("Providence"). Everest has shifted our focus to mRNA cancer therapeutic vaccine, to which we have full intellectual property rights and global rights. We currently have four mRNA cancer therapeutic vaccine programs under development for various solid tumor indications. We have deprioritized the development of the COVID-19 vaccines due to declining economic and social benefits. We believe our therapeutic cancer vaccines under development hold great potential to address significant unmet medical needs globally.

— In February 2024, Everest announced the termination of the collaboration and license agreements with Providence. Everest continues to develop its own products utilizing the mRNA platform, and owns full intellectual property rights and full global rights to those products.

Post-Reporting Period achievements and expected milestones:

— In August 2024, Everest announced the launch of an Investigator-Initiated Clinical Trial ("IIT") for a personalized mRNA cancer vaccine, EVM16, under the study EVM16CX01, at the Peking University Cancer Hospital and Fudan University's Cancer Hospital. This trial is designed to assess the safety, tolerability, immunogenicity, and preliminary efficacy of EVM16 injection as a monotherapy and in combination with PD-1 antibody for patients with advanced or recurrent solid tumors. EVM16CX01 is the first-in-human trial for EVM16.

— We expect to submit investigational new drug application for the Tumor-Associated Antigens (TAA) cancer vaccine in 2025.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

KEY CORPORATE DEVELOPMENTS

— We are working with partners to establish an innovative ecosystem for kidney disease diagnostics and treatment, with the aim to provide IgAN patients with a tool to enhance disease diagnosis and track disease progression without biopsy.

For details of any of the foregoing, please refer to the rest of this interim report and, where applicable, the Company's prior announcements.

Financial Highlights

IFRS NUMBERS

- Revenue increased by RMB292.6 million from RMB8.9 million for the six months ended 30 June 2023 to RMB301.5 million for the six months ended 30 June 2024, primarily due to the combined effect of continued expansion of XERAVA® sales in mainland China and Hong Kong, the launch of NEFECON® in mainland China and Singapore, and NEFECON® sales in other territories under our license.

- Gross profit margin increased from 62.7% for the six months ended 30 June 2023 to 76.6% for the six months ended 30 June 2024, and gross profit margin excluding intangible assets amortization increased from 62.7% for the six months ended 30 June 2023 to 83.0% for the six months ended 30 June 2024, primarily due to the launch of new products.

- Research and development ("R&D") expenses decreased by RMB35.3 million from RMB288.5 million for the six months ended 30 June 2023 to RMB253.2 million for the six months ended 30 June 2024, primarily due to (i) lower expenditure on clinical trials; and (ii) continued investment in new products from our discovery platform which remained stable.

- General and administrative expenses were mostly stable at RMB87.0 million for the six months ended 30 June 2024 in comparison to the six months ended 30 June 2023.

- Distribution and selling expenses increased by RMB136.3 million from RMB64.1 million for the six months ended 30 June 2023 to RMB200.4 million for the six months ended 30 June 2024, primarily due to the expansion of the commercial team and increased commercial activities to support the launch of new products and the growth of existing product sales. Commercialization expenses-to-sales ratio decreased as we continue to build a more efficient and focused commercialization model.

- Net loss for the period increased by RMB208.8 million from RMB423.6 million for the six months ended 30 June 2023 to RMB632.4 million for the six months ended 30 June 2024, primarily attributable to the one-time, non-recurring impairment loss from an intangible asset related to mRNA COVID-19 vaccines.

  Net loss excluding impairment loss of an intangible asset for the period decreased by RMB95.5 million from RMB371.6 million for the six months ended 30 June 2023 to RMB276.1 million for the six months ended 30 June 2024.

- Cash and cash equivalents and bank deposits amounted to RMB1,925.5 million as of 30 June 2024.

NON-IFRS MEASURE

- Adjusted loss for the period[1] decreased by RMB114.3 million from RMB326.9 million for the six months ended 30 June 2023 to RMB212.6 million for the six months ended 30 June 2024, primarily adjusting for expenses of share-based compensation, loss on impairment of an intangible asset and amortization of intangible assets.

[1] Adjusted loss for the period represents the loss for the period attributable to the equity holders of the Company excluding the effect of certain non-cash items and one-time events, namely the loss on fair value changes of preferred shares (non-current financial liabilities measured at fair value through profit or loss), share-based compensation loss, loss on impairment of an intangible asset and intangible asset amortization. For the calculation and reconciliation of this non-IFRS measure, please refer to the paragraph numbered 15 under the heading "Financial Review" below.

OVERVIEW

We are a biopharmaceutical company that integrates discovery, licensing, clinical development, commercialization and manufacturing of novel and differentiated therapies to address critical unmet medical needs initially in the Asia Pacific markets and eventually around the world. Since the founding of the Company in 2017, we have strategically built a portfolio of multiple promising clinical-stage candidates and commercial-stage products, and are working to complement the existing pipeline through in-house discovery and business development. Currently, our commercial product portfolio consists of two approved products — NEFECON® and XERAVA®, with additional approvals expected in the next eighteen months. We are on track to submit NDA for our autoimmune product etrasimod in the second half of 2024.

Our vision is to become a leading biopharma in Asia Pacific by 2030. We aim to create beneficial social impact through our innovative portfolio of differentiated medicines and build sustainable value for our shareholders. Our business and capabilities encompass the entire value chain of innovative biopharmaceuticals, including discovery, preclinical development, chemical manufacturing and control ("CMC"), process and quality development, clinical development, manufacturing and supply chain, and commercialization. We also take a dual engine approach to pipeline generation with early-stage discovery work based on our mRNA technology platform complemented with business development and asset in-licensing to leverage the synergies inherent in our robust commercial platform. In 2024, we continue to grow sales with deeper and broader market penetration of XERAVA®, as well as the successful launch of NEFECON® in China. At the mid-point of 2024 we reiterate our revenue guidance of RMB700 million for this year, which is a testament to the combined efforts and focus of our entire company and underscores the significant unmet medical needs that our products are able to address.

PRODUCT PIPELINE

Everest has built a strong product pipeline across renal, infectious and autoimmune diseases that are potentially first-in-disease or best-in-class treatments. These programs encompass short-term, mid-term and long-term opportunities which are collectively expected to generate significant revenue growth for the Company and create value for its Shareholders.

The following table summarizes our key pipeline and the development status of each drug and vaccine candidate as of the Latest Practicable Date:

NDA/BLA approval	Molecule (Modality)	Partner	Commercial Right	Indication	Everest Clinical Status	Global Clinical Status
2023	NEFECON®	calliditas THERAPEUTICS	Greater China, Singapore, South Korea	IgA nephropathy	Approved in Macau, Hong Kong, Mainland China, and Singapore; NDA accepted in South Korea and Taiwan	Approved in US, EU
2023	XERAVA® (eravacycline)	INNOVIVA; TETRAPHASE PHARMACEUTICALS	Greater China, South Korea, SE Asia	cIAI	Approved in Mainland China, Hong Kong, Taiwan and Singapore	Approved in US, EU, UK
2024-26	Cefepime-taniborbactam	VenatoRx PHARMACEUTICALS	Greater China, South Korea, SE Asia	cUTI	Priority review for Mainland China	Priority review granted in US
2024-26	Velsipity®/ Etrasimod	Pfizer	Greater China, South Korea, Singapore	Ulcerative Colitis	Approved in Macau and Singapore	Approved in US, EU
2024-26	Velsipity®/ Etrasimod	Pfizer	Greater China, South Korea, Singapore	CD, AD, AA, EoE (2025 and beyond)	Phase 2	Phase 2
2027 and beyond	Zetomipzomib	KEZAR LIFE SCIENCES	Greater China, South Korea, SE Asia	Lupus nephritis	Phase 2b	Phase 2b
2027 and beyond	EVER001 (XNW1011)	EVOPOINT 信诺维 Biosciences; SINOMAB	Worldwide in renal disease	Membranous nephropathy	Phase 1b/2	Phase 1b/2
2027 and beyond	EVER206 (SPR206)	SPERO THERAPEUTICS	Greater China, South Korea, SE Asia	Gram negative infections	Phase 1	Phase 1
Discovery Platform	Personalized cancer vaccine	Self-developed	Worldwide	Cancer	Pre-clinical	Pre-clinical
Discovery Platform	TAA cancer vaccine	Self-developed	Worldwide	Cancer	Pre-clinical	Pre-clinical
Discovery Platform	Immune-modulatory cancer vaccine	Self-developed	Worldwide	Cancer	Pre-clinical	Pre-clinical
Discovery Platform	In vivo CAR-T	Self-developed	Worldwide	Cancer	Pre-clinical	Pre-clinical

Abbreviations: IgA = immunoglobulin A; cIAI = complicated intra-abdominal infections; cUTI = complicated urinary tract infections; CD = crohn's disease; AD = atopic dermatitis; AA = alopecia areata; EoE = eosinophilic esophagitis; NDA = new drug application; SE Asia = Southeast Asia; US = United States; Greater China = PRC, Hong Kong SAR, Macau SAR and Taiwan.

Note: Additional pipeline products include FGF401, mRNA rabies vaccine and mRNA shingles vaccine.

BUSINESS REVIEW

Pipeline Outlook

Leveraging our strong development and regulatory affairs expertise, we plan to advance etrasimod to NDA submission in China in 2024. We have reported maintenance period topline results from the Phase 3 clinical trial of etrasimod in Asia in July. In our clinical stage portfolio, we have joined our partner Kezar in the PALIZADE study, an ongoing global, placebo-controlled Phase 2b clinical trial evaluating the efficacy and safety of two dose-levels of zetomipzomib in patients with active LN, and the first patient was dosed in China in July. Results from our open-label study on NEFECON®, expected in the second half of 2024, will offer insight into the value of extended and repeated use of the medicine and provide very important guidance for doctors in clinical practice. We are also expecting topline results from EVER001's Phase 1b clinical trial in membranous nephropathy in the second half of 2024.

Commercialization

We have made significant commercial progress and meaningfully advanced both of our marketed products in the first half of 2024.

For NEFECON®, the leading drug in our renal portfolio, we have successfully launched the product utilizing a combination of traditional hospital detailing and innovative online prescribing, to meet the urgent and significant unmet needs of an estimated 5 million IgAN patients. So far this year, we have completed the build-out of the NEFECON® sales force to more than 100 representatives. This team will cover 400-600 core hospitals which represent more than 60% of the addressable IgAN population. Additionally, over 23,000 patients have registered for the pre-product launch in an IgAN patient program, which underscores the significant unmet needs for this first-in-disease medicine. Earlier this year, we also started working with partners to establish an innovative ecosystem for kidney disease diagnostics and treatment, with the aim to provide IgAN patients a tool to enhance disease diagnosis and track disease progression without biopsy.

XERAVA® (eravacycline), our first commercialized product in China and a first-in-class fluorocycline antibiotic, is in its first full year of sales and growth remains robust. To further increase the availability of XERAVA® and expand our reach to more patients in need, we have started partnering with Contract Sales Organizations ("CSO") to benefit patients outside of our 300 covered core hospitals. This will contribute to product revenue growth, but the vast majority of our product revenue will still be generated by our in-house commercial team. Eravacycline's clinical breakpoint was officially approved by the Expert Committee of the National Health Commission on Antimicrobial Susceptibility Testing and Standard Research (ChinaCAST) for clinical use in China. With the new breakpoint, eravacycline can be recognized by more physicians and patients as the preferred treatment in clinical practice across the country and over 100 hospitals in China have already adopted the new breakpoint. In addition, inclusion of eravacycline in the Catalogue of Hierarchical Management of Clinical Application of Antimicrobial Drugs in Shanghai, Beijing and Guangdong underscores recognition of the drug's clinical benefits by China's key opinion leaders. This year, eravacycline was newly included into The Surgical Infection Society Guidelines on the Management of Intra-Abdominal Infection: 2024 Update and China's Clinical Diagnosis and Treatment Guidelines for Multidrug-resistant Bacterial Infections in Renal Transplantation, Infectious Diseases Society of America 2024 Guidance on the Treatment of Antimicrobial-Resistant Gram-Negative Infections, and was published in the following medical publications:

Title	Publication Name	Publication Date
Clinical Analysis of Eracycline in the Treatment of Neurologically Critically Immunosuppressed Patients with Carbapenem-resistant Acinetobacter Baumannii Pneumonia	Chinese Journal of Critical Care & Intensive Care Medicine(Electronic Edition)	2024/3/18
Comparison of Efficacy and Safety of Eracycline and Ertapenem in the Treatment of Complicated Intra-abdominal Infections in Chinese Adults	Chinese Journal of Infection and Chemotherapy	2024/5/20
Establishment of epidemiological cut-off values for eravacycline,against Escherichia coli, Klebsiella pneumoniae, Enterobacter cloacae,Acinetobacter baumannii and Staphylococcus aureus	J Antimicrob Chemother	2024/06/14
Research progress of a new antibacterial drug eravacycline	Chinese Journal of New Drugs and Clinical Remedies	2024/07/01
Dynamic evolution of ceftazidime-avibactam resistance from a single patient through the IncX3_NDM-5 plasmid transfer and blaKPC mutation	International Journal of Antimicrobial Agents	2024/08/01

Commercialization Outlook

We will continue to grow and strengthen our commercial portfolio in the second half of 2024 through persistent efforts and innovative approaches. We maintain full year sales guidance of RMB700 million from the combined sales of NEFECON® and XERAVA®.

Multiple initiatives are expected to accelerate growth of NEFECON® sales. First, we anticipate inclusion of NEFECON® in the 2024 revised KDIGO guidelines as well as the first Chinese guideline for IgAN as a first-line treatment for IgAN patients with risk of disease progression. We also plan to actively participate in China's National Reimbursement Drug List (NDRL) negotiations in the second half of 2024, to make the drug more affordable in order to achieve wide penetration of the large IgAN population of approximately 5 million patients in China. Those initiatives are expected to drive higher sales volumes along with the expansion of sales force to around 150 representatives. In parallel, we are working to enhance physician and patient education on the benefits of early treatment with NEFECON® to further improve kidney function protection. Our team is also launching several real-world studies on NEFECON® usage to provide physicians with additional clinical use guidance. Furthermore, later in 2024 we intend to expand availability of this first-in-disease medication to more IgAN patients in Asian regions including Hong Kong.

We will continue to grow the sales of XERAVA® through deeper penetration of our covered core hospitals such as expanding usage scenarios. With over a year of XERAVA® clinical experience in China, we expect to publish real world data on eravacycline usage in different types of patients in the second half of this year. We expect this will help guide hospitals and physicians on potentially wider treatment scope. We also anticipate XERAVA® to be included in additional treatment guidelines for anti-infectives and further strengthen its position as a foundational empirical treatment of multidrug-resistant infections.

We will have three commercialized products in the second half of this year with the expected commercial launch of etrasimod in Macau. We will also take advantage of the preferential policies in the Greater Bay area of China to accelerate drug accessibility to patients in mainland China this year.

Discovery

Internal discovery is a key growth driver for the Company's value creation. In about three years, Everest has successfully localized a clinically validated mRNA platform and built end-to-end capabilities in house to develop and manufacture mRNA therapeutics. Our internal discovery team in Shanghai consists of over 30 scientists developing multiple mRNA cancer therapeutics based on our fully integrated and clinically validated platform. We continue to innovate the platform by developing next generation delivery system and improving our mRNA sequence algorism. Everest also established a Good Manufacturing Practices (GMP) compliant manufacturing facility capable of producing clinical and commercial scale mRNA products.

In February 2024, the Company agreed to terminate the collaboration and license agreements with Providence and will continue to develop our own mRNA products with full intellectual property and global commercial rights. Therapeutic cancer vaccines is currently the core focus area of Everest's discovery efforts as this area holds great potential to address unmet medical needs globally. An IIT for a personalized mRNA cancer vaccine, EVM16, was launched in August 2024. EVM16 is the first therapeutic vaccine independently developed by Everest utilizing the mRNA platform. In the pipeline are various other cancer vaccine programs including a Tumor-Associated Antigens (TAA) cancer vaccine and an immune-modulatory cancer vaccine. In addition, we are also working on mRNA-based in vivo CAR-T programs which can be used for cancer and autoimmune diseases.

Business Development

In 2024 our business development strategy remains focused on first-in-class or best-in-class assets in less crowded, high value therapeutic areas such as renal diseases, autoimmune disorders, and anti-infective categories. Given our established strong commercial presence, we are increasing our attention on commercial-stage assets where we can leverage our experienced and effective sales organization to create operational synergies and build scale. We believe that we can continue to solidify our leadership position across these therapeutic categories through effective pipeline buildup to drive growth of commercial cash flows for the Company and advance our profitability targets. On outward partnerships, our cutting-edge cancer vaccine programs based on our mRNA technology platform with full intellectual property rights could potentially bring global partnership opportunities starting at early stage and expand value creation for our shareholders.

FINANCIAL REVIEW

For the Six Months Ended 30 June 2024 Compared to Six Months Ended 30 June 2023

	For the Six Months Ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Revenue	**301,517**	8,895
Cost of revenue	**(70,438)**	(3,318)
Gross profit	**231,079**	5,577
General and administrative expenses	**(86,998)**	(83,133)
Research and development expenses	**(253,159)**	(288,488)
Distribution and selling expenses	**(200,389)**	(64,128)
Other income	**6,730**	2,214
Other losses — net	**(369,020)**	(50,968)
Operating loss	**(671,757)**	(478,926)
Finance income — net	**34,228**	54,760
Fair value change in financial instruments issued to investors	**5,116**	554
Loss before income tax	**(632,413)**	(423,612)
Income tax expense	**–**	–
Loss for the period attributable to the equity holders of the Company	**(632,413)**	(423,612)
Other comprehensive income	**19,822**	123,096
Total comprehensive loss for the period attributable to the equity holders of the Company	**(612,591)**	(300,516)
Non-IFRS measure:		
Adjusted loss for the period	**(212,628)**	(326,894)

1. Overview

For the six months ended 30 June 2024, the Group generated revenue of RMB301.5 million as compared with RMB8.9 million for the six months ended 30 June 2023, driven by XERAVA® and NEFECON®.

Gross profit margin increased from 62.7% for the six months ended 30 June 2023 to 76.6% for the six months ended 30 June 2024, and gross profit margin excluding intangible assets amortization increased from 62.7% for the six months ended 30 June 2023 to 83.0% for the six months ended 30 June 2024, primarily due to the launch of new products.

The general and administrative expenses were RMB87.0 million for the six months ended 30 June 2024 as compared with RMB83.1 million for the six months ended 30 June 2023. The R&D expenses were RMB253.2 million for the six months ended 30 June 2024, as compared with RMB288.5 million for the six months ended 30 June 2023. The distribution and selling expenses were RMB200.4 million for the six months ended 30 June 2024 as compared with RMB64.1 million for the six months ended 30 June 2023. Total operating expenses (including general and administrative expenses, R&D expenses and distribution and selling expenses)-to-sales ratio decreased due to our improved cost efficiency.

For the six months ended 30 June 2024, the Group recorded a loss of RMB632.4 million as compared with RMB423.6 million for the six months ended 30 June 2023. Net loss excluding the one-time, non-recurring impairment loss from the intangible assets for the period decreased by RMB95.5 million from RMB371.6 million for the six months ended 30 June 2023 to RMB276.1 million for the six months ended 30 June 2024.

Cash and cash equivalents and bank deposits amounted to RMB1,925.5 million as of 30 June 2024 as compared with RMB2,349.7 million as of 31 December 2023.

2. Revenue

For the six months ended 30 June 2024, the Group generated revenue of RMB301.5 million from the continued expansion of XERAVA® sales in mainland China and Hong Kong, the launch of NEFECON® in mainland China, and Singapore, and NEFECON® sales in other territories under our license.

3. R&D Expenses

The Group's R&D expenses decreased from RMB288.5 million for the six months ended 30 June 2023 to RMB253.2 million for the six months ended 30 June 2024. The decrease was primarily attributable to (i) lower expenditure on clinical trials; and (ii) continued investment in new products from our discovery platform which remained stable.

The following table sets forth the components of our R&D expenses for the periods indicated:

	For the Six Months Ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Employee benefit expenses	**105,686**	111,719
Research, clinical trial and test expenses	**105,188**	129,876
Depreciation and amortisation	**26,312**	23,466
Professional expenses	**4,807**	11,506
Office and travelling expenses	**10,967**	8,189
Others	**199**	3,732
Total	**253,159**	288,488

4. Distribution and Selling Expenses

Our distribution and selling expenses increased from RMB64.1 million for the six months ended 30 June 2023 to RMB200.4 million for the six months ended 30 June 2024. The increase was primarily attributable to the expansion of the commercial team and increased commercial activities to support the launch of the Group's new products; and the growth of existing product sales. Commercialization expenses-to-sales ratio decreased as we continued to build a more efficient and focused commercialization model.

5. General and Administrative Expenses

General and administrative expenses were mostly stable at RMB87.0 million for the six months ended 30 June 2024 in comparison to the six months ended 30 June 2023.

6. Other Income

Other income increased from RMB2.2 million for the six months ended 30 June 2023 to RMB6.7 million for the six months ended 30 June 2024. The increase was primarily attributable to an increase in government grants received.

7. Other Losses — Net

The Group's other losses was RMB369.0 million for the six months ended 30 June 2024, compared to other losses of RMB51.0 million for the six months ended 30 June 2023, primarily attributable to impairment loss from an intangible asset of mRNA COVID-19 vaccines.

8. Operating Loss

The operating loss of the Group increased from RMB478.9 million for the six months ended 30 June 2023 to RMB671.8 million for the six months ended 30 June 2024. The increase was primarily attributable to the one-time, non-recurring impairment loss from an intangible asset related to mRNA COVID-19 vaccines.

9. Finance Income — Net

The Group's finance income decreased from RMB54.8 million for the six months ended 30 June 2023 to RMB34.2 million for the six months ended 30 June 2024, primarily attributable to decreased interest income on bank deposits.

10. Fair Value Change in Financial Instruments Issued to Investors

The Group recorded a gain from fair value change of financial instruments issued to investors of RMB5.1 million for the six months ended 30 June 2024 and a gain of RMB0.6 million for the six months ended 30 June 2023. The change was primarily attributable to fair value change of preferred shares issued by our subsidiary, EverNov Medicines Limited.

11. Income Tax Expense

The Company did not incur any income tax expense for the six months ended 30 June 2024 or for the six months ended 30 June 2023.

12. Loss for the Period Attributable to the Equity Holders of the Company

The loss for the six months attributable to equity holders of the Company increased from RMB423.6 million for the six months ended 30 June 2023 to RMB632.4 million for the six months ended 30 June 2024, primarily attributable to the one-time, non-recurring impairment loss from an intangible asset related to mRNA COVID-19 vaccines.

Net loss excluding impairment loss of an intangible asset for the period decreased by RMB95.5 million from RMB371.6 million for the six months ended 30 June 2023 to RMB276.1 million for the six months ended 30 June 2024.

13. Other Comprehensive Income

Other comprehensive income for the six months ended 30 June 2024 was RMB19.8 million, compared to other comprehensive income of RMB123.1 million for the six months ended 30 June 2023. Such change was primarily attributable to decreased gains from foreign currency translation, netted off by changes in fair value of financial assets at fair value through other comprehensive income.

14. Total Comprehensive Loss for the Period Attributable to the Equity Holders of the Company

As a result of the foregoing, the Group's loss for the six months ended 30 June 2024 was RMB612.6 million, compared to a loss of RMB300.5 million for the six months ended 30 June 2023.

15. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Group also uses adjusted loss for the six-month period, which is not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted loss for the six-month period provides useful information to Shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations.

Adjusted loss for the six-month period represents the loss for the Reporting Period attributable to the equity holders of the Company excluding the effect of certain non-cash items, namely gain on fair value changes in financial instruments issued to investors, share-based compensation expenses, impairment of an intangible asset, and amortization of intangible assets. The term adjusted loss for the six-month period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such an adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this measure is a reflection of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the loss for the six-month period attributable to the equity holders of the Company to adjusted loss for the six-month period for the periods indicated:

	For the Six Months Ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Loss for the period attributable to the equity holders of the Company	**(632,413)**	(423,612)
Added:		
Gain on fair value changes in financial instruments issued to investors	**(5,116)**	(554)
Share-based compensation expenses	**49,385**	45,304
Impairment of an intangible asset	**356,340**	51,968
Amortization of intangible assets	**19,176**	–
Adjusted loss for the period	**(212,628)**	(326,894)

16. Liquidity and Source of Funding

As of 30 June 2024, the Group's cash and cash equivalents plus bank deposits decreased to RMB1,925.5 million from RMB2,349.7 million as of 31 December 2023. The decrease primarily resulted from an increase in net cash used in our operating activities.

As of 30 June 2024, the current assets of the Group were RMB2,254.2 million, including cash and cash equivalents and bank deposits of RMB1,925.5 million and other current assets of RMB328.7 million. As of 30 June 2024, the current liabilities of the Group were RMB481.5 million, including trade and other payables of RMB203.7 million, lease liabilities of RMB19.3 million and borrowings of RMB258.5 million.

Operating Activities

Net cash used in our operating activities for the six months ended 30 June 2024 was RMB414.9 million. Our net loss was RMB632.4 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) depreciation and amortization in the amount of RMB54.4 million; (ii) share-based compensation in the amount of RMB49.4 million; (iii) finance income in the amount of RMB35.6 million which was classified as investing activities; (iv) impairment loss of an intangible asset in the amount of RMB356.3 million and (v) changes in working capital.

Net cash used in our operating activities for the six months ended 30 June 2023 was RMB441.4 million. Our net loss was RMB423.6 million for the same period. The difference between our loss before income tax and our net cash used in operating activities was primarily attributable to (i) changes in the working capital; and (ii) the offset by shared-based compensation to employees in the amount of RMB45.3 million.

Investing Activities

Net cash generated from investing activities for the six months ended 30 June 2024 was RMB447.7 million, primarily attributable to (i) net cash inflow from the disposal of bank deposits of RMB545.7 million; and (ii) the partial offset by purchase of property, plant and equipment and intangible asset of RMB98.3 million.

Net cash generated from investing activities for the six months ended 30 June 2023 was RMB894.4 million, primarily attributable to (i) cash received from the Trodelvy® Transaction of RMB1,580.6 million; (ii) purchase of property, plant and equipment of RMB71.5 million; (iii) milestone payment of USD8 million (equivalent to RMB55.4 million) for the new drug application for eravacycline® which was approved by regulatory authorities in Mainland China; and (iv) the net off by net purchasing of bank deposits of RMB545.6 million.

Financing Activities

Net cash generated from financing activities for the six months ended 30 June 2024 was RMB15.6 million, primarily attributable to (i) proceeds from bank loans of RMB29.5 million; and (ii) the net off by principle and interest elements of lease liabilities of RMB10.5 million.

Net cash used in financing activities for the six months ended 30 June 2023 was RMB208.3 million, primarily attributable to (i) the redemption of all equity interests held by Jiashan Shanhe Equity Investment Company for RMB442.9 million; and (ii) the net off by a bank loan of RMB230.0 million.

17. Treasury Policy

Our cash can only be invested in relatively liquid and low-risk instruments such as bank deposits or money market instruments. The primary objective of our investments is to generate finance income at a yield higher than the interest rate of current bank deposits, with an emphasis on preserving principal and maintaining liquidity.

18. Key Financial Ratios

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

	As at 30 June	
	2024	2023
Current ratio[1]	**4.68**	15.85

Note:

1. Current ratio is calculated using current assets divided by current liabilities as of the same date.

Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash, divided by total equity and multiplied by 100%. As at 30 June 2024, the Group was in a net cash position and thus, gearing ratio is not applicable.

19. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as of 30 June 2024) during the six months ended 30 June 2024.

20. Material Acquisitions and Disposals

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

21. Future Plans for Material Investments or Capital Assets

The constructions of the Jiashan manufacturing site are complete, and majority of the facilities and equipment installation have been completed.

Save as disclosed in this interim report, the Group did not have detailed future plans for material investments or capital assets as at 30 June 2024.

22. Pledge of Assets

As at 30 June 2024, the Group did not have any pledged assets (as at 31 December 2023: nil).

23. Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2024.

24. Foreign Exchange Exposure

The Company's functional currency is United States Dollars, the functional currency of the Company's subsidiaries in China is Renminbi. During the six months ended 30 June 2024, the Group mainly operated in China and the majority of the transactions were settled in RMB, the same as the functional currency of the operating entities. Our financial assets and liabilities are subject to foreign currency risk as a result of certain bank balances and trade and other payables denominated in non-functional currency. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. As of 30 June 2024, except for the bank balances denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. We have not entered into any hedging transactions to manage the potential fluctuation in foreign currency as of 30 June 2024.

25. Employees and Remuneration Policies

As at 30 June 2024, we employed a total of 520 (as at 30 June 2023: 395) employees, with 506 based in China, 8 based in the United States, 2 based in Singapore, 3 based in Korea and 1 based in Indonesia, including a total of 37 employees with a Ph.D. degree or an M.D. degree.

The following table sets forth a breakdown of our employees by function as at 30 June 2024:

	Number	% of Total
Function		
Business Development	4	0.77%
Clinical Development	39	7.50%
Commercialization	290	55.77%
Chemistry, Manufacturing, and Controls	65	12.50%
Discovery	52	10.00%
Operations and Administrative	70	13.46%
Total	520	100.0%

The remuneration of the employees of the Group comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training, details of which are further set out in the "Environmental, Social and Governance Report" published on the same date as the 2023 Annual Report.

The Company has also adopted share schemes to provide incentives for the Group's employees. Please refer to the section headed "Shares Schemes" on pages 31 to 35 in this interim report for further details.

The total remuneration cost incurred by the Group for the six months ended 30 June 2024 was RMB281.3 million, as compared to RMB248.2 million for the six months ended 30 June 2023.

26. Continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules

The Company does not have any continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules in respect of the Reporting Period.

COMPLIANCE WITH THE CG CODE

The Board is committed to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. During the Reporting Period, the Company had complied with all applicable code provisions set out in the CG Code.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors regarding their compliance with the Model Code during the Reporting Period and up to the Latest Practicable Date.

On 11 and 12 March 2024, Mr. Fu Wei, through Nova Aqua Limited, sold 1,468,000 Shares during the blackout period in respect of the Company's annual results for the year ended 31 December 2023, without notification to a designated Director (the "**Incident**"), which was in contravention of code provision A.3(a) and B.8 of the Model Code. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of himself and his family. To the best knowledge of the Board after reasonable enquiries, the Incident was an isolated incident and completely unintentional and was merely due to Mr. Fu's inadvertent oversight of the requirements under the Model Code at the time of the disposals. Upon realizing his inadvertent omission, Mr. Fu promptly sought legal advice and notified the Company of the Incident which was disclosed by way of disclosure of interest forms on 14 March 2024.

Upon notification of the Incident, the Company has taken the following remedial steps to avoid the occurrence of a similar incident in the future: (i) the Directors have received training covering (a) the requirements under the Model Code (including to the dealing restriction and the dealing notification procedures under rules A.3 and B.8 of the Model Code) and (b) the laws and regulations relating to the Company's handling of inside information and will arrange for refresher trainings from time-to-time, (ii) the Company has re-circulated the Board's policy on management securities trading and the Company will arrange for its Board policies to be reviewed and updated regularly; (iii) the Company's joint company secretaries will continue to notify each Director and other members of senior management by email of the commencement and expiry of the blackout period before the relevant dates; and (iv) the Company's internal audit will continue to review, twice a year, the Company's and the Directors' internal regulatory compliance status. The Board believes that implementing the aforementioned measures would help the Directors gain a better understanding of the dealing restrictions during the blackout period and the necessary procedures they must follow before dealing in the Company's securities. Consequently, the Board considered that these measures would minimize the chance of breach of the Model Code by the Directors in the future.

Save as disclosed above, no incident of non-compliance of the Model Code by any Director or relevant employee during the Reporting Period and up to the Latest Practicable Date has been noted by the Company.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. During the Reporting Period, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Yifan Li, Mr. Shidong Jiang and Ms. Hoi Yam Chui. Mr. Yifan Li (being the independent non-executive Director with the appropriate professional qualifications) is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024 and this interim report, and has met with the independent auditor, PricewaterhouseCoopers. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters with senior management members of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

At the annual general meeting of the Company held on 28 June 2024, the then Shareholders passed a special resolution in relation to the amendments of certain provisions of its seventh amended and restated memorandum and articles of association (the "**Existing Articles**") by way of adoption of the eighth amended and restated memorandum and articles of association (the "**New Articles**") to (i) update and bring the Existing Articles in line with the amendments made to the Listing Rules in respect of the electronic dissemination of corporate communication by listed issuers which came into effect on 31 December 2023; and (ii) make other consequential and housekeeping amendments. The New Articles became effective on 28 June 2024. For further details of the said amendments, please refer to the Company's circular dated 5 June 2024.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 9 October 2020 with a total of 73,079,000 offer Shares (including Shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the Global Offering were approximately HK$3,795 million. Save as disclosed in the annual report for the year ended 31 December 2022 of the Company, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus in the upcoming 12 months.

Set out below is the status of use of proceeds from the Global Offering as at 30 June 2024.

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2023 (HK$ million)	Unutilised for the year ended 31 December 2023 (HK$ million)	Utilised for the six months ended 30 June 2024 (HK$ million)	Unutilised amount as at 30 June 2024 (HK$ million)
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of eravacycline, one of our Core Drug Candidates	15%	569	180	90	90	–
Funding ongoing and planned clinical trials (including any potential clinical studies for new indications if appropriate), preparation for registration filings and other steps or activities related to commercialization (including provision of scientific and clinical support by medical affairs team, key opinion leader development, strategic planning and market access analysis) of etrasimod, one of our Core Drug Candidates	15%	569	72	269	41	228
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of sacituzumab govitecan-hziy	20%	759	–	–	–	–

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Utilised for the year ended 31 December 2023 (HK$ million)	Unutilised for the year ended 31 December 2023 (HK$ million)	Utilised for the six months ended 30 June 2024 (HK$ million)	Unutilised amount as at 30 June 2024 (HK$ million)
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of NEFECON®	10%	380	103	–	–	–
Funding ongoing and planned clinical trials, preparation for registration filings and potential commercialization of other drug candidates in our pipeline	15%	569	250	–	–	–
Funding our business development activities and the expansion of our drug pipeline. To further expand our portfolio, we will continue to bring in high value and differentiated innovative assets with attractive risk-return profiles for our four current core therapeutic areas	15%	569	–	–	–	–
Working capital and general and administrative purposes	10%	380	–	–	–	–
Total	**100%**	**3,795**	**605**	**359**	**131**	**228**

The Company expects to gradually apply the remaining unutilized proceeds in accordance with the intended purposes and fully utilize the proceeds by the second half of 2025. This expected timeline is based on best estimation on future market conditions and business operations made by the Company, and remains subject to changes based on current and future development of market conditions and actual business needs.

DIVIDENDS

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

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

As at 30 June 2024, the interests and short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding[6]	Long position/ Short position
Mr. Wei Fu [1]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	129,265,877	39.75%	Long position
Mr. Yongqing Luo [2]	Beneficial owner	10,219,078	3.14%	Long position
Mr. Ian Ying Woo [3]	Beneficial owner	3,057,134	0.94%	Long position
Mr. Shidong Jiang [4]	Beneficial owner	40,000	0.01%	Long position
Mr. Yifan Li [5]	Beneficial owner	40,000	0.01%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its general partner is C-Bridge Healthcare Fund GP II, L.P.. The general partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd., while TF Capital, Ltd. And TF Capital II, Ltd. ("TF Capital II") jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by C-Bridge Healthcare Fund IV, L.P. ("CBH IV"). The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P. which is under the management by its general partner C-Bridge Capital GP IV, Ltd. ("CBC IV"). The controlling shareholder of CBC IV is TF Capital IV Ltd., which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.

(2) Mr. Yongqing Luo's entitlement to receive up to (i) 4,700,000 shares pursuant to the exercise of options with exercise price at HK$10.084, (ii) 1,559,349 shares pursuant to the exercise of options with exercise price at HK$15.632 and (iii) 1,901,560 shares pursuant to the exercise of options with exercise price at HK$22.54 under the Post-IPO Share Option Scheme, subject to the conditions of those options. Mr. Yongqing Luo is also entitled to receive up to 1,077,695 shares pursuant to the performance target awards granted to him under the Post-IPO Share Award Scheme. Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(3) Mr. Ian Ying Woo's entitlement to receive up to 110,000 Shares pursuant to the exercise of options under the Pre-IPO Share Schemes, and 2,068,858 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise prices of these options are USD2.26 (up to 110,000 Shares), HK$72.49 (up to 338,403 Shares), HK$15.632 (up to 779,675 Shares) and HK$22.54 (up to 950,780 Shares). Mr. Woo is entitled to receive 41,582 share awards in accordance with the conditions of those share awards. Mr. Woo is also entitled to receive up to (i) 385,515 Shares and (ii) 112,273 Shares under Post-IPO Share Award Scheme and Pre-IPO ESOP respectively, subject to the conditions of those performance target awards. Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(4) Mr. Shidong Jiang's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares). Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(5) Mr. Yifan Li's entitlement to receive up to 40,000 Shares pursuant to the exercise of options under the Post-IPO Share Option Scheme, subject to the conditions of those options. The exercise price of these options are HKD72.49 (up to 20,000 Shares) and HKD23.17 (up to 20,000 Shares). Details of the options and awards granted to this Director are set out in the section headed "Share Schemes" below.

(6) The calculation is based on the total number of 325,164,793 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at 30 June 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding[3]	Long position/ Short position
VISTRA TRUST (SINGAPORE) PTE. LIMITED [1]	Trustee and other	129,265,877	39.75%	Long position
Nova Aqua Limited [1]	Interest in a controlled corporation	129,265,877	39.75%	Long position
TF Capital II Ltd. [1]	Interest in a controlled corporation	52,777,778	16.23%	Long position
C-Bridge Capital GP, Ltd. [1]	Interest in a controlled corporation	52,777,778	16.23%	Long position
C-Bridge Healthcare Fund GP II, L.P. [1]	Interest in a controlled corporation	52,777,778	16.23%	Long position
C-Bridge Healthcare Fund II, L.P. [1]	Interest in a controlled corporation	52,777,778	16.23%	Long position
TF Capital IV Ltd. [1]	Interest in a controlled corporation	52,522,482	16.15%	Long position
C-Bridge Capital GP IV, Ltd. [1]	Interest in a controlled corporation	52,522,482	16.15%	Long position
C-Bridge Healthcare Fund GP IV, L.P. [1]	Interest in a controlled corporation	52,522,482	16.15%	Long position

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of holding[3]	Long position/ Short position
C-Bridge Healthcare Fund IV, L.P. [1]	Interest in a controlled corporation	52,522,482	16.15%	Long position
C-Bridge IV Investment Two Limited [1]	Beneficial owner	37,244,704	11.45%	Long position
C-Bridge Investment Everest Limited [1]	Beneficial owner	50,000,000	15.38%	Long position
Dan Yang [2]	Interest in a controlled corporation	50,000,000	15.38%	Long position
Kang Hua Investment Company Limited [2]	Interest in a controlled corporation	50,000,000	15.38%	Long position
C-Bridge Joint Value Creation Limited [1]	Interest in a controlled corporation	22,055,617	6.78%	Long position
Everest Management Holding Co., Ltd. [1]	Beneficial owner	22,055,617	6.78%	Long position

Notes:

(1) The sole shareholder of C-Bridge Investment Everest Limited is C-Bridge Healthcare Fund II, L.P. while its general partner is C-Bridge Healthcare Fund GP II, L.P.. The general partner of C-Bridge Healthcare Fund GP II, L.P. is C-Bridge Capital GP, Ltd., while TF Capital, Ltd. and TF Capital II jointly have controlling interest in it. Nova Aqua Limited has a controlling interest in TF Capital II. C-Bridge IV Investment Two Limited and C-Bridge IV Investment Nine Limited is wholly owned by CBH IV. The General Partner of CBH IV is C-Bridge Healthcare Fund GP IV, L.P., which is under the management by its General Partner CBC IV. The controlling shareholder of CBC IV is TF Capital IV Ltd., which is wholly owned by Nova Aqua Limited. Everest Management Holding Co., Ltd. is owned as to 78.32% by C-Bridge Joint Value Creation Limited. C-Bridge Joint Value Creation Limited is wholly-owned by Nova Aqua Limited. The sole shareholder of C-Bridge IV Investment Sixteen Limited is Nova Aqua Limited. The entire interest in Nova Aqua Limited is held by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. Wei Fu (as settlor) for the benefit of Mr. Wei Fu and his family.

(2) TF Capital, Ltd. has controlling interest in C-Bridge Capital GP, Ltd.. Kang Hua Investment Company Limited has controlling interest in TF Capital, Ltd.. Ms. Dan Yang is the sole shareholder of Kang Hua Investment Company Limited.

(3) The calculation is based on the total number of 325,164,793 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept under section 336 of the SFO.

SHARE SCHEMES

The Company has four existing share schemes, namely the Pre-IPO MSOP, Pre-IPO ESOP, Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2023. The Company has complied, and will continue to comply, with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

10,572,800 new Shares, representing approximately 3.26% of the weighted average number of Shares (excluding treasury shares) for the Reporting Period, may be issued in respect of options and awards granted during the Reporting Period to eligible participants pursuant to all of the share schemes. The details of each share scheme are set out below.

PRE-IPO SHARE INCENTIVE PLANS

1. Pre-IPO MSOP

As at 30 June 2024, the Company had no outstanding options under the Pre-IPO MSOP. Details of the outstanding options under the Pre-IPO MSOP during the Reporting Period are as follows:

Name	Date of grant	Vesting period	Exercise period (per Share)	Exercise price (US$)	Outstanding as at 1 January 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the date of exercise (HK$) [1]
Senior Management/Director										
Mr. Jason Brown	23 November 2017	4 years	4 years from the Listing Date	0.18	971,951	971,951	–	–	0	23.03
Total					**971,951**	**971,951**	**–**	**–**	**0**	

Notes:

(1) This information is in respect of the options exercised during the Reporting Period.

(2) No further options have been or would be granted after the Listing. Accordingly, 0 Shares were available for grant under the Pre-IPO MSOP as at 1 January 2024 and 30 June 2024, respectively.

2. Pre-IPO ESOP

As at 30 June 2024, the Company had outstanding options under the Pre-IPO ESOP to subscribe for an aggregate of 495,372 Shares granted to 15 grantees (including Directors, senior management, other connected persons and employees of the Company) and unvested Pre-IPO ESOP RSUs representing an aggregate of 3,305,449 Shares granted to 143 grantees (including Directors, senior management, other connected persons and employees of the Company). Details of the outstanding options and unvested awards under the Pre-IPO ESOP during the Reporting Period are as follows:

Options

Name	Date of grant	Vesting period	Exercise period	Exercise price (US$)	Outstanding as at 1 January 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2024	Weighted average closing price of Shares immediately before the date of exercise (HK$)[5]
Director										
Mr. Ian Ying Woo	16 July 2020	4 years [1]	7 years from the date of grant	2.26	110,000	–	–	–	110,000	N/A
Other grantees by category										
Employee Participants	Between 31 December 2018 and 31 July 2020	4 years	7 years from the date of grant	0.18-3.24	744,329	216,457	–	142,500	385,372	23.48
Total					**854,329**	**216,457**	**–**	**142,500**	**495,372**	

RSUs

Name	Date of grant	Vesting period	Purchase price	Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2024	Fair value of the awards at the date of grant (HK$) [2] [8]	Performance targets [8]	Closing price of the Shares immediately before the date of grant (HK$) [8]	Weighted average closing price of the Shares immediately before the date of vesting (HK$) [7]
Director													
Mr. Ian Ying Woo	3 April 2023	Immediate vesting upon achievement of performance targets	nil	196,479	–	28,069	56,136	–	112,274	N/A	N/A	N/A	15.90
Other grantees by category													
Employee Participants	Between 18 February 2020 and 3 April 2023	4 years	nil	1,610,298	–	485,550	102,166	–	1,022,582	N/A	N/A	N/A	21.56
	3 April 2023	Immediate vesting upon achievement of performance targets	nil	1,020,366	–	7,160	379,013	–	634,193	N/A	N/A	N/A	15.90
	5 April 2024	4 years	nil	–	1,360,400	–	–	–	1,360,400	29,724,740	None	23.00	N/A
	5 April 2024	Immediate vesting upon achievement of performance targets	nil	–	176,000	–	–	–	176,000	3,608,350	Note 3	23.00	N/A
Total				**2,827,143**	**1,536,400**	**520,779**	**537,315**	**–**	**3,305,449**				

Notes:

(1) All options granted were subject to immediate vesting upon Listing.

(2) The fair values of the awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(3) The 176,000 performance target awards under the Pre-IPO ESOP are granted to employees of the Group and shall become immediately vested upon the achievement of certain operational, clinical development, and regulatory targets within three years as set out in the relevant offer letter.

(4) No further options have been or would be granted after the Listing.

(5) This information is in respect of options exercised during the Reporting Period.

(6) This information is in respect of RSUs granted during the Reporting Period.

(7) This information is in respect of RSUs vested during the Reporting Period.

(8) As at 1 January 2024, 4,360,099 Shares were available for grant under the Pre-IPO ESOP. During the Reporting Period, 1,536,400 awards were granted to eligible participants pursuant to the Pre-IPO ESOP. It follows that, as at 30 June 2024, 3,503,514 Shares were available for grant under the Pre-IPO ESOP.

POST-IPO SHARE INCENTIVE PLANS

1. Post-IPO Share Option Scheme

As at 30 June 2024, the Company had outstanding options under the Post-IPO Share Option Scheme to subscribe for an aggregate of 20,315,914 Shares granted to 174 grantees (including Directors, senior management, other connected persons and employees of the Company). Details of the outstanding options under the Post-IPO Share Option Scheme are as follows:

Name	Date of grant	Vesting period	Exercise period	Exercise price (HK$)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2024	Fair value of the options at the date of grant (HK$) [1] [5]	Performance targets [5]	Closing price of the Shares immediately before the date of grant (HK$) [5]	Weighted average closing price of Shares immediately before the date of exercise (HK$) [4]
Directors														
Mr. Yongqing Luo	19 September 2022 and 3 April 2023	4 years	7 years from the date of grant	10.084 and 15.632	6,259,349	–	–	–	–	6,259,349	N/A	N/A	N/A	N/A
	5 April 2024	4 years	7 years from the date of grant	22.54	–	1,901,560	–	–	–	1,901,560	20,270,630	None	23.00	N/A
Mr. Ian Ying Woo	14 July 2021 and 3 April 2023	4 years	7 years from the date of grant	72.49 and 15.632	1,118,078	–	–	–	–	1,118,078	N/A	N/A	N/A	N/A
	5 April 2024	4 years	7 years from the date of grant	22.54	–	950,780	–	–	–	950,780	10,135,315	None	23.00	N/A
Mr. Shidong Jiang	Between 14 July 2021 and 1 April 2022	1 year	7 years from the date of grant	72.49 and 23.17	40,000	–	–	–	–	40,000	N/A	N/A	N/A	N/A
Mr. Yifan Li	Between 14 July 2021 and 1 April 2022	1 year	7 years from the date of grant	72.49 and 23.17	40,000	–	–	–	–	40,000	N/A	N/A	N/A	N/A
Other grantees by category														
Employee Participants	Between 6 May 2021 and 3 April 2023	4 years	7 years from the date of grant	Between 15.632 and 72.49	6,339,887	–	271,665	–	414,115	5,654,107	N/A	N/A	N/A	26.38
	5 April 2024	4 years	7 years from the date of grant	22.54	–	4,410,040	–	–	58,000	4,352,040	47,011,026	None	23.00	N/A
Total					**13,797,314**	**7,262,380**	**271,665**	**–**	**472,115**	**20,315,914**				

Notes:

(1) The fair values of the options are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(2) For details of the options granted under the Post-IPO Share Option Scheme during the Reporting Period, please refer to the announcement of the Company dated 5 April 2024.

(3) As at 1 January 2024, 13,838,180 Shares were available for grant under the Post-IPO Share Option Scheme. During the Reporting Period, 7,262,380 options were granted to eligible participants under the Post-IPO Share Option Scheme. It follows that, as at 30 June 2024, 7,047,915 Shares were available for grant under the Post-IPO Share Option Scheme.

(4) This information is in respect of options exercised during the Reporting Period.

(5) This information is in respect of options granted during the Reporting Period.

2. Post-IPO Share Award Scheme

As at 30 June 2024, the Company had unvested awards representing an aggregate of 4,240,944 Shares granted to 165 grantees (including Directors, senior management, other connected persons of the Company and other employees of the Company). Details of the unvested awards under the Post-IPO Share Award Scheme are as follows:

Name	Date of grant	Vesting period	Purchase price	Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2024	Fair value of the awards at the date of grant [4][5] (HK$)	Performance targets [5]	Closing price of the Shares immediately before the date of grant (HK$) [5]	Weighted average closing price of the Shares immediately before the date of vesting (HK$) [6]
Directors													
Mr. Yongqing Luo	19 September 2022	3 years	nil	1,080,000	–	–	240,000	–	840,000	N/A	N/A	N/A	N/A
	5 April 2024	4 years	nil	–	237,695	–	–	–	237,695	831,933	Note 1	23.00	N/A
Mr. Ian Ying Woo	14 July 2021 and 1 April 2022	3-4 years	nil	416,496	–	108,248	–	–	308,248	N/A	N/A	N/A	23.96
	5 April 2024	4 years	nil	–	118,848	–	–	–	118,848	415,968	Note 1	23.00	N/A
Other grantees by category													
Employee Participants	Between 6 May 2021 and 3 April 2023	4 years	nil	2,258,498	–	625,342	285,480	–	1,347,676	N/A	N/A	N/A	23.64
	5 April 2024 [2]	4 years	nil	–	1,298,629	–	29,000	–	1,269,629	28,375,044	None	23.00	N/A
	5 April 2024 [3]	4 years	nil	–	118,848	–	–	–	118,848	415,968	Note 3	23.00	N/A
Total				**3,754,994**	**1,774,020**	**733,590**	**554,480**	**–**	**4,240,944**				

Notes:

(1) The 237,695 and 118,848 performance target awards were conditionally granted to Mr. Luo and Mr. Woo on 5 April 2024 and approved by the independent Shareholders on 28 June 2024. Such awards shall vest equally over 4 years, with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon the achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date. Please refer to the announcements of the Company dated 5 April 2024 and 28 June 2024 and the circular of the Company dated 5 June 2024 for further details.

(2) 46,000 awards were conditionally granted to a director and a former director of subsidiaries of the Company on 5 April 2024 and approved by the independent Shareholders on 28 June 2024. Please refer to the announcements of the Company dated 5 April 2024 and 28 June 2024 and the circular of the Company dated 5 June 2024 for further details.

(3) The 118,848 performance target awards were granted to senior managers of the Group on 5 April 2024, and shall vest equally over 4 years with the first vesting date being 1 April 2025 and the remaining vesting dates being each anniversary thereafter, upon achievement of specified company level performance targets and individual performance appraisal targets by the first vesting date.

(4) The fair values of the awards are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The fair value is determined by reference to the fair value of the equity instrument as at the grant date, considering market performance conditions, excluding the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(5) This information is in respect of awards granted during the Reporting Period.

(6) This information is in respect of awards vested during the Reporting Period.

(7) As disclosed in the announcement of the Company dated 28 June 2024, the grants of awards to connected grantees were approved by the independent Shareholders at the annual general meeting of the Company on the same date.

(8) As at 1 January 2024, 10,104,512 Shares were available for grant under the Post-IPO Share Award Scheme. During the Reporting Period, 1,774,020 awards were granted to eligible participants pursuant to the Post-IPO Share Award Scheme. It follows that, as at 30 June 2024, 8,884,972 Shares were available for grant under the Post-IPO Share Award Scheme.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2024, none of our Directors controlled a business similar to principal business of the Group that competes or is likely to compete, either directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2023 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director	Details of Change
Mr. Ian Ying Woo	Mr. Woo ended his terms as an independent director of Prenetics Global Ltd. (NYSE: PRE) on 17 May 2024.
Mr. William Ki Chul Cho	Mr. Cho was appointed as a non-executive director of Hugel Inc. (KOSDAQ: 145020) on 29 March 2024.
Mr. Yifan Li	Mr. Li resigned as an independent director of Sunlands Technology Group (formerly known as Sunlands Online Education Group) (NYSE: STG) on 31 May 2024.
Ms. Hoi Yam Chui	Ms. Chui resigned as an non-executive director of China Biotech Services Holdings Limited (中國生物科技服務控股有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8037), on 13 June 2024.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Company occurred since the end of the Reporting Period and up to the Latest Practicable Date.

Report on Review of Interim Financial Information

To the Board of Directors of Everest Medicines Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 102, which comprises the interim condensed consolidated statement of financial position of Everest Medicines Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 International 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 of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 August 2024

Interim Condensed Consolidated Statement of Comprehensive Loss

For the six months ended 30 June 2024
(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	6	**301,517**	8,895
Cost of revenue	7	**(70,438)**	(3,318)
Gross profit		**231,079**	5,577
General and administrative expenses	7	**(86,998)**	(83,133)
Research and development expenses	7	**(253,159)**	(288,488)
Distribution and selling expenses	7	**(200,389)**	(64,128)
Other income	8	**6,730**	2,214
Other losses — net	9	**(369,020)**	(50,968)
Operating loss		**(671,757)**	(478,926)
Finance income — net	11	**34,228**	54,760
Fair value change in financial instruments issued to investors	25	**5,116**	554
Loss before income tax		**(632,413)**	(423,612)
Income tax expense	12	**–**	–
Loss for the period attributable to the equity holders of the Company		**(632,413)**	(423,612)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Change in foreign currency translation adjustments of the Company's subsidiaries		**(20,162)**	–
Items that will not be reclassified to profit or loss:			
Change in foreign currency translation adjustments of the Company		**44,316**	144,889
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	18	**(4,332)**	(21,793)
Other comprehensive income		**19,822**	123,096
Total comprehensive loss for the period attributable to the equity holders of the Company		**(612,591)**	(300,516)
Basic loss per share for loss attributable to the equity holders of the Company (in RMB)	14	**(1.97)**	(1.40)
Diluted loss per share for loss attributable to the equity holders of the Company (in RMB)	14	**(1.97)**	(1.40)

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	**602,080**	600,775
Right-of-use assets	16	**75,992**	83,212
Intangible assets	17	**2,190,680**	2,523,716
Investments	18	**44,902**	48,930
Other non-current assets	19	**9,467**	8,526
		2,923,121	3,265,159
Current assets			
Inventories	20	**27,846**	18,944
Prepayments and other current assets	23	**41,557**	89,120
Trade receivables	21	**259,361**	49,858
Bank deposits	24	**1,339,838**	1,826,628
Cash and cash equivalents	24	**585,632**	523,063
		2,254,234	2,507,613
Total assets		**5,177,355**	5,772,772
Liabilities			
Non-current liabilities			
Financial instruments issued to investors	25	**23,661**	28,614
Lease liabilities	26	**31,696**	39,996
Borrowings	27	**222,914**	429,314
Other non-current liabilities	28	**5,975**	6,053
		284,246	503,977
Current liabilities			
Lease liabilities	26	**19,293**	18,652
Trade and other payables	29	**203,713**	258,811
Borrowings	27	**258,537**	22,664
		481,543	300,127

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024
(Expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Total liabilities		**765,789**	804,104
Equity			
Equity attributable to the equity holders of the Company			
Share capital	30	**220**	219
Reserves	32	**13,975,971**	13,920,483
Accumulated deficit		**(9,648,894)**	(9,016,481)
Accumulated other comprehensive income	33	**84,269**	64,447
Total equity		**4,411,566**	4,968,668
Total equity and liabilities		**5,177,355**	5,772,772

The accompanying notes are an integral part of this interim condensed consolidated financial information.

The interim consolidated financial information on pages 38 to 102 were approved by the board of directors on 27 August 2024 and were signed on its behalf.

Yongqing Luo
Executive Director, Chief Executive Officer

Ian Ying Woo
Executive Director, President & Chief Financial Officer

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024
(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 30)	Capital reserve RMB'000 (Note 32)	Treasury shares RMB'000 (Note 32)	FVOCI reserve RMB'000 (Note 33)	Exchange reserve RMB'000 (Note 33)	Accumulated deficit RMB'000	Total equity RMB'000
Balance at 1 January 2024	219	13,920,484	(1)	(229,503)	293,950	(9,016,481)	4,968,668
Comprehensive loss							
Loss for the period	–	–	–	–	–	(632,413)	(632,413)
Foreign currency translation	–	–	–	–	24,154	–	24,154
Change in fair value of financial assets at FVOCI	–	–	–	(4,332)	–	–	(4,332)
	–	–	–	(4,332)	24,154	(632,413)	(612,591)
Transactions with owners in their capacity as owners							
Restricted share units vested	–	(1)	1	–	–	–	–
Exercise of stock options	1	6,103	–	–	–	–	6,104
Share-based compensation	–	49,385	–	–	–	–	49,385
	1	55,487	1	–	–	–	51,157
Balance at 30 June 2024 (Unaudited)	220	13,975,971	–	(233,835)	318,104	(9,648,894)	4,411,566

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024
(Expressed in thousands of RMB unless otherwise stated)

	Share capital RMB'000 (Note 30)	Capital reserve RMB'000 (Note 32)	Treasury shares RMB'000 (Note 32)	FVOCI reserve RMB'000 (Note 33)	Exchange reserve RMB'000 (Note 33)	Accumulated deficit RMB'000	Total equity RMB'000
Balance at 1 January 2023	211	13,817,287	(3)	(187,042)	196,048	(8,172,018)	5,654,483
Comprehensive loss							
Loss for the period	–	–	–	–	–	(423,612)	(423,612)
Foreign currency translation	–	–	–	–	144,889	–	144,889
Change in fair value of financial assets at FVOCI	–	–	–	(21,793)	–	–	(21,793)
	—	–	–	(21,793)	144,889	(423,612)	(300,516)
Transactions with owners in their capacity as owners							
Restricted share units vested	–	(2)	2	–	–	–	–
Exercise of stock options	3	16,962	–	–	–	–	16,965
Share-based compensation	–	45,304	–	–	–	–	45,304
	3	62,264	2	–	–	–	62,269
Balance at 30 June 2023 (Unaudited)	214	13,879,551	(1)	(208,835)	340,937	(8,595,630)	5,416,236

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024
(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Loss before income tax		**(632,413)**	(423,612)
Adjustments for:			
Depreciation of property, plant and equipment	15	**24,369**	20,521
Depreciation of right-of-use assets	16	**8,633**	9,107
Amortization of intangible assets	17	**21,404**	2,386
Fair value change in financial instruments issued to investors	25	**(5,116)**	(554)
Share-based compensation	31	**49,385**	45,304
Finance income — net	11	**(35,554)**	(50,952)
Unrealized foreign exchange gains	9	**(15,385)**	(10,896)
Interest expenses on lease liabilities	11	**1,326**	1,757
Impairment loss of an intangible asset	9	**356,340**	51,968
Other loss on disposal of property, plant and equipment	9	**–**	1,004
Other income recognized for asset related government grant		**(77)**	–
Changes in working capital:			
— Trade receivables		**(209,503)**	4,390
— Prepayments and other current assets		**44,060**	105,324
— Trade and other payables		**(15,403)**	(211,360)
— Inventories		**(8,902)**	649
— Other non-current assets		**(129)**	1,395
— Other non-current liabilities		**–**	6,130
Interest received		**2,017**	6,041
Net cash used in operating activities		**(414,948)**	(441,398)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024
(Expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(48,127)**	(71,536)
Purchase of intangible asset		**(50,168)**	(69,072)
Disposal of an intangible asset	17	**–**	1,580,582
Purchase of bank deposits	24	**(2,045,730)**	(1,741,418)
Disposal of bank deposits		**2,591,439**	1,195,861
Sublease cash received		**289**	–
Net cash generated from investing activities		**447,703**	894,417
Cash flows from financing activities			
Principal and interest elements of lease liabilities		**(10,497)**	(10,586)
Proceeds from exercise of stock options	32	**6,104**	16,965
Proceeds from bank loans	27	**29,500**	230,000
Repayment of borrowings from Jiashan Shanhe Equity Investment Company ("Jiashan Shanhe")	11(a)	**–**	(442,930)
Interests paid for bank loans		**(9,475)**	(1,723)
Net cash generated from/(used in) financing activities		**15,632**	(208,274)
Effect of exchange rate changes on cash and cash equivalents		**14,182**	63,216
Net increase in cash and cash equivalents		**62,569**	307,961
Cash and cash equivalents at the beginning of the period		**523,063**	490,788
Cash and cash equivalents at the end of the period	24	**585,632**	798,749

The accompanying notes are an integral part of this interim condensed consolidated financial information.

(Expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION

Everest Medicines Limited (the "Company" or "Everest") was incorporated under the law of Cayman Islands as an exempted company with limited liability on 14 July 2017. The Company and its subsidiaries (collectively referred to as the "Group") engages primarily in license-in, development and commercialization of innovative therapies in Greater China and other emerging Asia Pacific markets.

The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company listed its shares on the Main Board of the Stock Exchange of Hong Kong Limited on 9 October 2020 (the "Listing").

As at 30 June 2024, the Company has direct or indirect interests in the following subsidiaries:

				Interests held by the Group		
Subsidiaries	Place of incorporation/ operation	Date of incorporation/ acquisition	Share capital issued	At 30 June 2024	At 31 December 2023	Principal activities
Directly held by the Company						
Everest Medicines (US) Limited	The United States of America	15 September 2017	USD500	100%	100%	Business development and administrative office
Everest Medicines (Singapore) Pte. Ltd.	Singapore	22 November 2018	SGD400,000,000	100%	100%	International activities
EverNov Medicines Limited ("EverNov")	Cayman Islands	14 June 2018	USD50,000	92.86%	92.86%	Holding company
Everest Medicines II Limited ("Everest II") [a]	Cayman Islands	25 November 2019	USD50,000	100%	100%	Holding company

(Expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation/ operation	Date of incorporation/ acquisition	Share capital issued	Interests held by the Group At 30 June 2024	At 31 December 2023	Principal activities
Indirectly held by the Company						
Everstar Therapeutics Limited	Hong Kong	3 January 2018	HKD1	100%	100%	Holding company
EverNov Medicines (HK) Limited	Hong Kong	13 December 2018	USD10,000,000	92.86%	92.86%	Holding company
Everest Medicines II (HK) Limited ("Everest II HK") [a]	Hong Kong	25 November 2019	USD50,000,000	100%	100%	Holding company
Everest Medicines (Suzhou) Inc. [b]	People's Republic of China ("PRC")	11 October 2017	USD5,000,000	100%	100%	Research and development of innovative therapies
EverID Medicines (Beijing) Limited [b]	PRC	30 March 2018	USD5,000,000	100%	100%	Research and development of innovative therapies
Everstar Medicines (Shanghai) Limited [b]	PRC	16 April 2018	USD5,000,000	100%	100%	Research and development of innovative therapies
Everest Medicines (China) Co., Ltd ("Everest China"). [d]	PRC	3 April 2020	USD220,000,000	100%	100%	Research and development of innovative therapies, and commercialization.
EverNov Medicines (Zhuhai Hengqin) Limited [c]	PRC	13 February 2019	USD15,000,000	92.86%	92.86%	Research and development of innovative therapies
Everest Medicines Korea, LLC	Korea	7 July 2021	KRW200,000,000	100%	100%	International activities

(Expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Place of incorporation/ operation	Date of incorporation/ acquisition	Share capital issued	Interests held by the Group At 30 June 2024	At 31 December 2023	Principal activities
Indirectly held by the Company (continued)						
EverRNA Medicines (Jiashan) Biopharmaceutical Co., Ltd. [b]	PRC	30 May 2022	RMB400,000,000	100%	100%	Research and development of innovative therapies
EverRNA Medicines Limited	Cayman Islands	9 March 2022	USD50,000	100%	100%	Holding company
EverRNA Medicines (Singapore) Pte. Ltd.	Singapore	24 March 2022	SGD10,000	100%	100%	International activities
Everest Medicines (Shanghai) Biopharmaceutical Co., Ltd. [c]	PRC	3 March 2023	USD66,000,000	100%	100%	Research and development of innovative therapies
Everest Medicines (Guangzhou) Medical Equipment Co., Ltd. [c]	PRC	30 January 2024	USD700,000	100%	–	Research and development of innovative therapies

Notes:

(a) On 25 November 2019, pursuant to an Agreement and Plan of Merger, the Company acquired Everest II by issuing certain preferred shares which were subsequently automatically converted to ordinary shares upon the Company's consummation of the Listing. Everest II did not qualify as a business under IFRS 3, and the purpose of the acquisition of Everest II is to obtain certain licenses held by Everest II. The acquisition of Everest II is considered an acquisition of assets in accordance with IFRS 3 Definition of a business. Refer to Note 18(b) for assets acquired.

(b) These entities are PRC limited liability companies.

(c) These entities are limited liability companies (registered as wholly foreign owned enterprise under PRC law).

(d) This entity is a limited liability company (Hong Kong, Macau and Taiwan invested, not sole proprietorship).

(e) Other than Preferred Shares issued by EverNov as disclosed in Note 25, no debt securities were issued by the Company's subsidiaries.

(Expressed in thousands of RMB unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES

The interim condensed consolidated financial information ("Interim Financial Information") has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Interim Financial Information does not include all of the notes normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2023 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") by the Group as set out in the 2023 annual report of the Company dated 27 March 2024 (the "2023 Financial Statements").

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the 2023 Financial Statements, as described in annual financial statements, except for the estimation of income tax (see Note 12) and the adoption of new and amended IFRS Accounting Standards as set out below.

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following new or amended standards became applicable for the current reporting period, which did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in sale and leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 New amendments to standards not yet adopted by the Group

A number of new amendments to existing standards and interpretations that are relevant to the Group have been issued but are not yet effective and have not been early adopted by the Group. These new amendments are set out below:

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027

The Group has already commenced an assessment of the impact of these amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no material impact on the financial performance and positions of the Group is expected when they become effective.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the 2023 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2023 Financial Statements.

There have been no changes in the risk management policies during the six months ended 30 June 2024.

(a) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. The Group historically financed its working capital requirements through issue of preferred shares and convertible notes and the Listing. After the Listing, the Group has alternative financing through new shares issuance.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

(Expressed in thousands of RMB unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (continued)

(a) Liquidity risk (continued)

The Group recognizes the financial instruments issued to investors at fair value through profit or loss. Accordingly, the financial instruments issued to investors are managed on a fair value basis rather than by maturing dates.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2024 (Unaudited)					
Trade and other payables	146,004	–	–	–	146,004
Lease liabilities	19,772	20,789	13,783	–	54,344
Borrowings	275,782	107,785	122,634	–	506,201
Convertible Preferred Shares	–	–	28,507	–	28,507
	441,558	128,574	164,924	–	735,056
At 31 December 2023 (Audited)					
Trade and other payables	191,840	–	–	–	191,840
Lease liabilities	19,120	20,349	23,839	–	63,308
Borrowings	40,572	317,176	124,878	–	482,626
Convertible Preferred Shares	–	–	28,331	–	28,331
	251,532	337,525	177,048	–	766,105

(Expressed in thousands of RMB unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation

There are judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards:

Level 1: The fair values of financial instruments traded in active markets (such as trading and available-for-sale securities) are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

Level 2: The fair values of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the financial assets and liabilities, which are measured at amortized cost, approximated their fair value as at 30 June 2024 and 31 December 2023.

The following table presents the Group's assets and liabilities that were measured at fair value at 30 June 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets:				
Investments (Note 18)	31,455	–	13,447	44,902
Liabilities:				
Financial instruments issued to investors (Note 25)	–	–	23,661	23,661

(Expressed in thousands of RMB unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that were measured at fair value at 31 December 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
Assets:				
Investments (Note 18)	35,565	–	13,365	48,930
Liabilities:				
Financial instruments issued to investors (Note 25)	–	–	28,614	28,614

(a) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include discounted cash flow analysis and the use of transaction price of similar instruments.

There were no changes in valuation techniques used during the six months ended 30 June 2024 and 2023.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2024 and 2023.

The changes in level 3 instruments for the six months ended 30 June 2024 and 2023 are presented in Note 18 and Notes 25.

(Expressed in thousands of RMB unless otherwise stated)

6 REVENUE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
— at a point of time	**301,517**	8,895

The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China, Hong Kong and Macau	**299,125**	–
Other country	**2,392**	8,895
	301,517	8,895

(Expressed in thousands of RMB unless otherwise stated)

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses (Note 10)	**281,266**	248,243
Research, clinical trial and test expenses	**105,188**	134,437
Market development and business promotion expenses	**62,617**	14,420
Depreciation and amortization	**54,406**	32,014
Professional expenses	**29,286**	25,866
Royalty	**28,037**	–
Office and travelling expenses	**26,287**	20,056
Cost of drugs	**23,224**	3,318
Others	**673**	1,705
Total cost of revenue, general and administrative expenses, research and development expenses, distribution and selling expenses and cost of other income	**610,984**	480,059

(Expressed in thousands of RMB unless otherwise stated)

8 OTHER INCOME — NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	**6,730**	2,214
Income from provision of services (a)	**–**	40,992
Cost of other income (a)	**–**	(40,992)
	6,730	2,214

(a) The Group provided services in the field of clinical development and commercialization related to Immunomedics, Inc. ("Immunomedics") after the completion of disposal of IMMU 132 (Sacituzumab Govitecan) to Immunomedics. The transaction prices are determined based on the actual costs incurred. Such income is recognized over time when services are performed and is presented net of related costs in other income. The services were completed in 2023. Refer to Note 17(e), IMMU 132 (Sacituzumab Govitecan) for details.

9 OTHER LOSSES — NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment of an intangible asset (Note 17(f))	**(356,340)**	(51,968)
Donations (a)	**(28,442)**	–
Net foreign exchange gains on operating activities	**15,385**	5,331
Payment of penalty for termination of a lease contract	**–**	(3,490)
Loss on disposal of property, plant and equipment	**–**	(1,004)
Others	**377**	163
	(369,020)	(50,968)

(a) Donations represented the contributions made by the Group to charities in relation to the charities' patient assistance program and other public welfare donation programs.

(Expressed in thousands of RMB unless otherwise stated)

10 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	**208,055**	171,298
Social security costs and housing benefits	**23,826**	31,641
Share-based compensation (Note 31)	**49,385**	45,304
	281,266	248,243

11 FINANCE INCOME — NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**44,950**	64,289
Interest income on sublease	**38**	–
Interest income from loan to a director (Note 19(a))	**14**	14
Interest expenses on lease liabilities	**(1,326)**	(1,757)
Interest expenses on bank loans	**(9,448)**	(1,980)
Interest expenses on borrowings from Jiashan Shanhe (a)	**–**	(11,371)
Net exchange gains on foreign currency borrowings	**–**	5,565
Finance income — net	**34,228**	54,760

11 FINANCE INCOME — NET (CONTINUED)

(a) On 17 March 2020, the Company entered into an investment agreement and a supplemental agreement with Jiashan Shanhe, pursuant to which Jiashan Shanhe subscribed 37% of equity interest in Everest China, a subsidiary established under the Company's wholly owned subsidiary Everest Medicines II (HK) Limited ("Everest II HK"), in RMB cash equivalent to USD50 million. In addition, the Company transferred all its equity interests in Everest Medicines (Suzhou) Inc., EverID Medicines (Beijing) Limited and Everstart Medicines (Shanghai) Limited to Everest China.

According to the supplemental agreement, right starting in the fourth year of the date of Jiashan Shanhe's capital contribution, Jiashan Shanhe has the right to require the Company, Everest China or parties designated by the Company to redeem all of its investment in Everest China with the redemption price of original investment amount plus a return at 8% simple rate per annum. At the same time, the Company has a call option to repurchase Jiashan Shanhe's investment in Everest China at the same time with the same repurchase amount. Furthermore, Jiashan Shanhe was not entitled to the right to appoint board of directors, voting right in a shareholders' meeting and dividend right but only retained the information right and right to appoint an observer to attend board meetings. Therefore the Company classified the investment from Jiashan as borrowings in non-current liabilities, which are subsequently measured at amortized cost using the effective interest rate method.

In June 2023, it was agreed that the Company repurchased all equity interests held by Jiashan Shanhe, through a newly established subsidiary in PRC, at the cash consideration of RMB442.9 million, representing the original investment amount made by Jiashan Shanhe plus agreed interests. Upon the completion of this transaction, the Company derecognized the borrowings from Jiashan Shanhe and Everest China became a wholly owned subsidiary of the Company.

12 INCOME TAX EXPENSE

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2024 is 0% (For 31 December 2023: 0%).

13 DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the periods presented.

(Expressed in thousands of RMB unless otherwise stated)

14 LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2024 and 2023. In determining the weighted average number of ordinary shares in issue the unvested restricted shares are excluded:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	**(632,413)**	(423,612)
Weighted average number of ordinary shares in issue	**320,741,132**	302,009,748
Basic loss per share (in RMB)	**(1.97)**	(1.40)
Diluted loss per share (in RMB)	**(1.97)**	(1.40)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2024 and 2023, the Company's potential ordinary shares include share-based awards granted to employees (Note 31). For the six months ended 30 June 2024 and 2023, the potential ordinary shares were not included in the calculation of loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2024 and 2023 are the same as basic loss per share.

(Expressed in thousands of RMB unless otherwise stated)

15 PROPERTY, PLANT AND EQUIPMENT

	Office equipments RMB'000 (Unaudited)	Furniture and fixtures RMB'000 (Unaudited)	Leasehold improvements RMB'000 (Unaudited)	Machinery RMB'000 (Unaudited)	Buildings and building improvements RMB'000 (Unaudited)	Construction in progress ("CIP") RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2024							
Cost	77,153	9,704	46,903	80,458	437,869	9,790	661,877
Accumulated depreciation	(15,198)	(4,527)	(15,914)	(8,812)	(16,651)	–	(61,102)
Net book amount	61,955	5,177	30,989	71,646	421,218	9,790	600,775
Six months ended 30 June 2024							
Opening net book amount	61,955	5,177	30,989	71,646	421,218	9,790	600,775
Additions	1,083	198	–	–	44	24,350	25,675
CIP transfer out	98	–	644	7,611	24,983	(33,336)	–
Depreciation charge (Note 7)	(5,933)	(1,345)	(3,773)	(5,183)	(8,135)	–	(24,369)
Currency translation differences	–	–	(1)	–	–	–	(1)
Closing net book amount	57,203	4,030	27,859	74,074	438,110	804	602,080
At 30 June 2024							
Cost	78,334	9,675	44,693	88,069	462,896	804	684,471
Accumulated depreciation	(21,131)	(5,645)	(16,834)	(13,995)	(24,786)	–	(82,391)
Net book amount	57,203	4,030	27,859	74,074	438,110	804	602,080

(Expressed in thousands of RMB unless otherwise stated)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipments RMB'000 (Unaudited)	Furniture and fixtures RMB'000 (Unaudited)	Leasehold improvements RMB'000 (Unaudited)	Machinery RMB'000 (Unaudited)	Buildings and building improvements RMB'000 (Unaudited)	Construction in progress ("CIP") RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2023							
Cost	54,672	7,905	44,767	22,079	378,281	45,753	553,457
Accumulated depreciation	(3,368)	(1,829)	(9,500)	(230)	(1,213)	–	(16,140)
Net book amount	51,304	6,076	35,267	21,849	377,068	45,753	537,317
Six months ended 30 June 2023							
Opening net book amount	51,304	6,076	35,267	21,849	377,068	45,753	537,317
Additions	6,559	1,788	850	7,693	–	39,039	55,929
Disposals (Note 9)	–	–	(1,004)	–	–	–	(1,004)
CIP transfer out	–	–	2,910	34,201	3,553	(40,664)	–
Depreciation charge (Note 7)	(4,771)	(1,210)	(4,050)	(3,377)	(7,113)	–	(20,521)
Currency translation differences	–	–	3	–	–	–	3
Closing net book amount	53,092	6,654	33,976	60,366	373,508	44,128	571,724
At 30 June 2023							
Cost	61,231	9,693	46,079	63,973	381,834	44,128	606,938
Accumulated depreciation	(8,139)	(3,039)	(12,103)	(3,607)	(8,326)	–	(35,214)
Net book amount	53,092	6,654	33,976	60,366	373,508	44,128	571,724

(Expressed in thousands of RMB unless otherwise stated)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of property, plant and equipment has been charged to the consolidated statement of comprehensive loss as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Research and development expenses	**20,518**	15,948
General and administrative expenses	**3,661**	4,538
Distribution and selling expense	**190**	35
	24,369	20,521

(Expressed in thousands of RMB unless otherwise stated)

16 RIGHT-OF-USE ASSETS

	Leased equipment RMB'000 (Unaudited)	Leased properties RMB'000 (Unaudited)	Land use right RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2024				
Cost	800	91,581	35,397	127,778
Accumulated depreciation	(431)	(41,893)	(2,242)	(44,566)
Net book amount	369	49,688	33,155	83,212
Six months ended 30 June 2024				
Opening net book amount	369	49,688	33,155	83,212
Additions	–	1,470	–	1,470
Depreciation charge (Note 7)	(71)	(8,266)	(354)	(8,691)
Currency translation differences	–	1	–	1
Closing net book amount	298	42,893	32,801	75,992
At 30 June 2024				
Cost	617	93,052	35,397	129,066
Accumulated depreciation	(319)	(50,159)	(2,596)	(53,074)
Net book amount	298	42,893	32,801	75,992

(Expressed in thousands of RMB unless otherwise stated)

16 RIGHT-OF-USE ASSETS (CONTINUED)

	Leased equipment RMB'000 (Unaudited)	Leased properties RMB'000 (Unaudited)	Land use right RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2023				
Cost	800	106,774	35,397	142,971
Accumulated depreciation	(271)	(34,627)	(1,534)	(36,432)
Net book amount	529	72,147	33,863	106,539
Six months ended 30 June 2023				
Opening net book amount	529	72,147	33,863	106,539
Additions	–	2,229	–	2,229
Disposals	–	(14,882)	–	(14,882)
Depreciation charge (Note 7)	(80)	(8,793)	(354)	(9,227)
Currency translation differences	–	56	–	56
Closing net book amount	449	50,757	33,509	84,715
At 30 June 2023				
Cost	800	94,522	35,397	130,719
Accumulated depreciation	(351)	(43,765)	(1,888)	(46,004)
Net book amount	449	50,757	33,509	84,715

(Expressed in thousands of RMB unless otherwise stated)

16 RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation of right-of-use assets has been charged to the consolidated statement of financial position and comprehensive loss as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Research and development expenses	**5,034**	6,414
Distribution and selling expenses	**3,362**	1,686
General and administrative expenses	**237**	1,007
Construction in progress	**58**	120
	8,691	9,227

(Expressed in thousands of RMB unless otherwise stated)

17 INTANGIBLE ASSETS

	In-licenses and In-Process Research and Development ("IPR&D") that are not ready for use RMB'000 (Unaudited)	In-licenses and IPR&D that are commercialized RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2024				
Cost	2,342,983	180,707	16,093	2,539,783
Accumulated amortization and impairment	–	(9,128)	(6,939)	(16,067)
Net book amount	2,342,983	171,579	9,154	2,523,716
Six months ended 30 June 2024				
Opening net book amount	2,342,983	171,579	9,154	2,523,716
Additions	28,421	–	450	28,871
Commercialization	(606,519)	606,519	–	–
Impairment (Note 9)	(356,340)	–	–	(356,340)
Amortization charge (Note 7)	–	(19,176)	(2,228)	(21,404)
Currency translation differences	12,967	2,870	–	15,837
Closing net book amount	1,421,512	761,792	7,376	2,190,680
At 30 June 2024				
Cost	1,777,852	790,108	16,543	2,584,503
Accumulated amortization and impairment	(356,340)	(28,316)	(9,167)	(393,823)
Net book amount	1,421,512	761,792	7,376	2,190,680

(Expressed in thousands of RMB unless otherwise stated)

17 INTANGIBLE ASSETS (CONTINUED)

	In-licenses and In-Process Research and Development ("IPR&D") that are not ready for use RMB'000 (Unaudited)	In-licenses and IPR&D that are commercialized RMB'000 (Unaudited)	Software RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2023				
Cost	2,373,703	–	7,687	2,381,390
Accumulated amortization and impairment	–	–	(2,913)	(2,913)
Net book amount	2,373,703	–	4,774	2,378,477
Six months ended 30 June 2023				
Opening net book amount	2,373,703	–	4,774	2,378,477
Additions	55,433	–	16,322	71,755
Impairment (Note 9)	(51,968)	–	–	(51,968)
Amortization charge (Note 7)	–	–	(2,386)	(2,386)
Currency translation differences	89,171	–	–	89,171
Closing net book amount	2,466,339	–	18,710	2,485,049
At 30 June 2023				
Cost	2,466,339	–	24,009	2,490,348
Accumulated amortization and impairment	–	–	(5,299)	(5,299)
Net book amount	2,466,339	–	18,710	2,485,049

Intangible assets mainly included in-licenses and IPR&D which are not ready for use the Group is continuing research and development work, and in-licenses and IPR&D that are amortized since the related drug product has been commercialized.

(Expressed in thousands of RMB unless otherwise stated)

17 INTANGIBLE ASSETS (CONTINUED)

Amortization of intangible assets has been charged to the consolidated statements of financial position and comprehensive loss as follows:

	Years ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of revenue	**19,176**	–
General and administrative expenses	**1,061**	1,061
Research and development expenses	**759**	1,104
Distribution and selling expenses	**408**	221
	21,404	2,386

(a) Collaboration and License Agreement with Arena Pharmaceuticals, Inc. ("Arena") and United Therapeutics Corporation ("United Therapeutic")

In December 2017, the Group entered into a collaboration and license agreement with Arena (subsequently acquired by Pfizer Inc. ("Pfizer") in 2022) regarding the development and commercialization of its proprietary products Ralinepag and Etrasimod in the territories of Mainland China, Taiwan, Hong Kong, Macau and South Korea. Under the terms of the agreement, the Group made an upfront payment of USD12 million (equivalent to RMB78.4 million) to Arena and capitalized such payment. In January 2019, the Group and Arena entered into two separate agreements which superseded the previous agreement, one which relates to Ralinepag and the other relates to Etrasimod.

Etrasimod

The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to Arena.

In the fourth quarter of 2018 and in November 2019, the Group made the milestone payment of USD1 million (equivalent to RMB6.6 million) and USD5 million (equivalent to RMB34.5 million) to Arena, respectively. Such payments were capitalized.

17 INTANGIBLE ASSETS (CONTINUED)

(a) Collaboration and License Agreement with Arena Pharmaceuticals, Inc. ("Arena") and United Therapeutics Corporation ("United Therapeutic") (continued)

Ralinepag

In the fourth quarter of 2018, the Group made the milestone payment of USD1 million (equivalent to RMB6.6 million) to Arena (before the agreement was assigned to United Therapeutics) and capitalized such payment. In January 2019, Arena assigned all of its rights and obligations with respect to the Ralinepag program under the agreement to United Therapeutics. The Group agreed to make development and regulatory milestone payments and commercial milestone payments, as well as tiered royalties on net sales to United Therapeutics.

After assigning the agreement to United Therapeutics, the Group paid milestone payment of USD2.5 million (equivalent to RMB17.2 million) to United Therapeutics in September 2019, which was capitalized.

In 2023, the Group issued a termination notice to United Therapeutics, regarding the above licensing agreement, effective on 28 August 2023. As a result, the Group recognized a full impairment loss of USD7.5 million (equivalent to RMB52.0 million) for the related intangible asset given no economic benefits can be recovered, and related intangible asset was written off accordingly.

(b) License Agreement with Tetraphase Pharmaceuticals Inc. ("Tetraphase")

Eravacycline

In February 2018, the Group entered into a license agreement with Tetraphase, pursuant to which Tetraphase granted the Group an exclusive license to develop and commercialize Eravacycline in Mainland China, Taiwan, Hong Kong, Macau, South Korea and Singapore.

Under the terms of the agreement, the Group made an upfront payment of USD7 million (equivalent to RMB46.4 million) to Tetraphase capitalized such payment. The Group agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Tetraphase.

In June 2018 and May 2019, the Group made the milestone payment of USD2.5 million (equivalent to RMB16.6 million) and USD3 million (equivalent to RMB20.7 million) to Tetraphase, respectively, and capitalized such payments.

In July 2019, the Group and Tetraphase entered into an amendment to the license agreement to expand the geographic coverage of the license to Malaysia, Thailand, Indonesia, Vietnam and the Philippines and paid an upfront payment of USD2 million (equivalent to RMB13.8 million) which was capitalized.

17 INTANGIBLE ASSETS (CONTINUED)

(b) License Agreement with Tetraphase Pharmaceuticals Inc. ("Tetraphase") (continued)

Eravacycline (continued)

In April 2021, the Group made the milestone payment of USD3 million (equivalent to RMB19.4 million) to Tetraphase, and capitalized such payment.

In May 2021, the Group and Tetraphase entered into an amendment to the license agreement, pursuant to which Tetraphase granted the Group the license to manufacture Eravacycline in the relevant territory.

In March 2023, the new drug application for Eravacycline was approved by regulatory in Mainland China and the Group made the milestone payment of USD8 million (equivalent to RMB56.4 million) which was capitalized.

(c) Commercial supply agreement with Tetraphase

Eravacycline Manufacturing know-how

In May 2021, the Group entered into a commercial supply agreement with Tetraphase, pursuant to which Tetraphase agreed to transfer the manufacturing know-how to the Group for the purpose of enabling the continued manufacturing of Eravacycline. The Group made prepayments of USD4 million (equivalent to RMB25.8 million) in May 2021 and USD1 million in January 2022 (equivalent to RMB6.7 million) to Tetraphase, which was recorded in other non-current assets. In December 2022, these prepayments of USD5 million (equivalent to RMB33.6 million) were transferred to intangible assets as the transfer of control of manufacturing know-how has been completed. The Group is in the process of development of manufacturing know-how so the intangible assets are not available for use until the manufacturing approval is obtained.

(d) Licensing Agreement with Novartis International Pharmaceutical Ltd. ("Novartis")

FGF401

In June 2018, the Group entered into an exclusive global licensing agreement with Novartis to develop and commercialize FGF401. Under this agreement, Novartis granted EverNov an exclusive license to develop, manufacture and commercialize Novartis' FGF4 inhibitor FGF401 and products containing FGF401 for all purposes worldwide.

Under the terms of the agreement, as discussed in Note 25, the total upfront fee was comprised of cash consideration of USD20 million (equivalent to RMB132.7 million) and 4,000,000 Series A-2 Convertible Preferred Shares issued by EverNov to Novartis Pharma AG, an affiliate entity of Novartis. The Group capitalized a total amount of USD22.4 million (equivalent to RMB148.3 million) based on cash payment and the fair value of the Series A-2 Convertible Preferred Shares. The Group also agreed to pay Novartis clinical development milestone payments, commercial milestone payments, as well as tiered royalties on worldwide net sales to Novartis.

17 INTANGIBLE ASSETS (CONTINUED)

(e) Licenses acquired from Everest II

Upon the consummation of the Group's acquisition of Everest II in 2019, the Group acquired four licenses held by Everest II. The amount in relation to the acquisition of those licenses were recognized as intangible assets based on its fair value upon consummation of the acquisition, with the total amount of RMB1,265,971 thousand.

Taniborbactam

In September 2018, Everest II entered into an agreement with Venatorx Pharmaceuticals, Inc. ("VenatoRx"), pursuant to which Venatorx granted Everest II an exclusive license to exploit for all uses in humans Venatorx's proprietary BLI, taniborbactam (formerly VNRX-5133), in combination with a ß-lactam, initially cefepime, in Mainland China, Macau, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

Under the terms of this agreement, Everest II paid an upfront cash payment of USD5.0 million (equivalent to RMB33.2 million) and capitalized such payment.

Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Venatorx. In January 2020, after the acquisition of Everest II, the Group made the milestone payment of USD2 million (equivalent to RMB13.8 million) to Venatorx and such payment was capitalized.

In June 2021, the Group entered into an amendment to the license agreement with Venatorx, pursuant to which Venatorx assigned relevant taniborbactam patents to the Group. The Group paid USD3 million (equivalent to RMB19.4 million) in June 2021 and USD7 million (equivalent to RMB45.1 million) in August 2021 to Venatorx and such payment was capitalized.

SPR206

In January 2019, Everest II entered into a license agreement with Spero Therapeutics, Inc. ("Spero") through its wholly owned subsidiaries New Pharma License Holdings Limited, or NPLH, and Spero Potentiator, Inc., or Potentiator and NPLH has since assigned its assets to Spero. Pursuant to this agreement, NPLH granted Everest II an exclusive license to develop, manufacture and commercialize SPR206 in Mainland China, Hong Kong, Macau, Taiwan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and the Philippines.

Everest II paid NPLH an upfront payment of USD2 million (equivalent to RMB13.8 million) as partial consideration for rights to SPR206 and capitalized such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Spero.

In November 2020, the Group made the milestone payment of USD2 million (equivalent to RMB13.8 million) to Spero and such payment was capitalized.

17 INTANGIBLE ASSETS (CONTINUED)

(e) Licenses acquired from Everest II (continued)

SPR206 (continued)

In January 2021, the Group entered into an amended agreement with Spero for which Spero has assigned relevant SPR206 patents to the Group.

In June and September 2021, the Group made the milestone payment of USD0.75 million (equivalent to RMB4.9 million) and USD0.5 million (equivalent to RMB3.2 million) to Spero, respectively and such payments were capitalized.

In June 2022, the Group made the milestone payment of USD0.75 million (equivalent to RMB5.0 million) and such payment was capitalized.

IMMU 132 (Sacituzumab Govitecan)

In April 2019, Everest II entered into a license agreement with Immunomedics under which Immunomedics granted Everest II an exclusive license to develop and commercialize sacituzumab govitecan in Mainland China, Taiwan, Hong Kong, Macau, Indonesia, Philippines, Vietnam, Thailand, South Korea, Malaysia, Singapore or Mongolia.

In consideration for entering into this agreement, Everest II made a one-time, upfront payment to Immunomedics in the amount of USD65 million (equivalent to RMB448.2 million) and capitalized such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Immunomedics which is now merged by Gilead Sciences, Inc. ("Gilead").

In June 2020, after the acquisition of Everest II, the Group made a milestone payment of USD60 million (equivalent to RMB413.9 million) to Immunomedics and such payment was capitalized.

In June 2022, the Group made the milestone payment of USD20 million (equivalent to RMB134.6 million) and USD5 million (equivalent to 33.6 million), respectively, and capitalized such payments.

On 15 August 2022, pursuant to a separately negotiated termination and transition services agreement (the "Agreement"), the Group and Immunomedics agreed (i) to terminate the above license agreement as well as those ancillary agreements entered in connection therewith; (ii) for the Group to assign to Immunomedics all of its intellectual property, regulatory materials and other assets related to the sacituzumab govitecan; and (iii) for the Group to perform transition services to enable Immunomedics or its affiliates to assume the development and commercialization of the sacituzumab govitecan in the relevant territories. The consideration for the termination of license agreement and the ancillary agreements was equivalent to the aggregate amount of up to approximately USD455 million, including an upfront payment of USD280 million and milestone payments up to USD175 million, consisting of (i) regulatory milestone payments of up to USD50 million in aggregate, and (ii) commercial milestone payments of up to USD125 million in aggregate. Immunomedics also agreed to waive the Group's obligation to pay the milestone payments of USD25 million and reimburse the Group for all costs and out-of-pocket expenses actually incurred by the Group, in accordance with a mutually agreed transition plan budget, in connection with the Group's performance of the transition services.

17 INTANGIBLE ASSETS (CONTINUED)

(e) Licenses acquired from Everest II (continued)

IMMU 132 (Sacituzumab Govitecan) (continued)

The termination of license agreement, the ancillary agreements and assignment of intellectual property, regulatory materials and other assets related to sacituzumab govitecan are in substance a disposal of intangible asset to Immunomedics. The Group further assessed the performance obligations in the Agreement and concluded the disposal of intangible asset and provision of transition services are separate arrangements, as these two elements are not interdependent and considerations for each element are separately negotiated.

For disposal of intangible asset, the Company completed the disposal on 31 October 2022 (the "Termination Effectiveness Date") as all conditions related to the transfer of control over the intangible asset were met. For milestone payments up to USD175 million which are variable consideration, the Group determined the probability in achievement in these milestones was not probable due to the significant uncertainty in obtaining the regulatory approval and meeting the sales target. As a result, the total proceeds for disposal of intangible assets amounted to RMB2,267.4 million including waiver of the achieved milestone payments under the licensing agreement of USD25 million (equivalent to RMB168.2 million), upfront payment of USD280 million (equivalent to RMB1,883.3 million) and compensation of expenses of USD32.1 million (equivalent to RMB215.9 million) occurred by the Group before the Termination Effectiveness Date. The Group recognized a disposal gain of RMB1,322.3 million in the consolidated statement of comprehensive loss for the year ended 31 December 2022, which was the difference of total proceeds and the carrying value of intangible assets with the amount USD141 million (equivalent to RMB945.1 million). For upfront payment, the Group received USD84 million (equivalent to RMB565.0 million) in 2022 with the remaining USD196 million (equivalent to RMB1,358.1million) received subsequently in January and February 2023.

For the transition services provided to Immunomedics before the Termination Effectiveness Date, since the intellectual property related to sacituzumab govitecan still belonged to the Group, all the expenditures occurred are considered as Group's own development cost and the reimbursement of costs by Immunomedics is a payment for intellectual property and hence is considered as proceeds for disposal of intangible assets. The Group received such reimbursement of costs of USD32.1 million (equivalent to RMB222.5 million) subsequently in January and February 2023. For transition services provided to Immunomedics after the Termination Effectiveness Date, since the control of intellectual property has been transferred to Immunomedics, it is in substance Group's provision of research and development services to Immunomedics. Compensation received for such services is recognized in other income over the time during the service period based on the actual cost incurred, with corresponding cost recognized as cost of other income (Refer to Note 8). The transition services were completed in 2023.

17 INTANGIBLE ASSETS (CONTINUED)

(e) Licenses acquired from Everest II (continued)

NEFECON

On 10 June 2019, Everest II entered into a license agreement with Calliditas who granted Everest II exclusive rights to develop and commercialize NEFECON in Mainland China, Hong Kong, Macau, Taiwan and Singapore.

Under the terms of the agreement, Everest II made an initial upfront payment of USD15 million (equivalent to RMB103.4 million) to Calliditas at signing of the agreement and capitalized such payment. Everest II also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Calliditas.

After the acquisition of Everest II, the Group made the milestone payment of USD5 million (equivalent to RMB34.5 million) in January 2020 and USD3 million (equivalent to RMB18.9 million) in December 2021 to Calliditas and such payment was capitalized.

In March 2022, the Group and Calliditas entered into an amendment to the license agreement to expand the geographic coverage of the license to South Korea, and paid an upfront payment of USD3 million (equivalent to RMB20.2 million) which was capitalized.

In November 2022, the Group made a milestone payment of USD5 million (equivalent to RMB33.6 million) which was capitalized.

In November 2023, the first NDA conditional was approved in Mainland China and the Group made a milestone payment of USD5 million (equivalent to RMB35.2 million) which was capitalized.

In December 2023, the first NDA full approval was made by the FDA and the Group made a milestone payment of USD3 million (equivalent to RMB21.1 million) which was capitalized.

17 INTANGIBLE ASSETS (CONTINUED)

(f) Collaboration and license agreement with Providence Therapeutics Holdings Inc. ("Providence")

mRNA COVID-19 Vaccines

In September 2021, the Group entered into a license agreement with Providence, pursuant to which Providence granted the Group exclusive rights to develop, manufacture and commercialize mRNA vaccines against COVID-19, including PTX-COVID19-B in Mainland China, Hong Kong, Macau, and certain Asian countries.

Under the terms of the agreement, the Group made an initial upfront payment of USD50 million (equivalent to RMB322.6 million) to Providence in September 2021 and capitalized such payment. The Group also agreed to make payments for profit sharing, as well as royalties on net sales to Providence.

Collaboration Products

The Group and Providence also agreed to conduct collaborative research and develop two prophylactic or therapeutic products (the "Collaboration Products"), pursuant to which Providence has granted the Group a royalty-free, non-exclusive license in the Collaboration Products and each of the Group and Providence is entitled to 50% of the worldwide rights to the the Collaboration Products.

Technology platform

In September 2021, the Group entered into a collaboration and license agreement with Providence, pursuant to which Providence agreed to transfer the platform technology mainly related to the manufacturing of mRNA vaccine products, and the Group made a prepayment of USD50 million, which was recorded in other non-current assets. In December 2022, the prepayment of USD50 million (equivalent to RMB336.3 million) was transferred to intangible assets as the transfer of control of technology platform has been completed. The Group is in the process of development of manufacturing technology so the intangible assets are not available for use until the manufacturing approval is obtained.

On 15 December 2022, upon in vivo proof of concept of a first candidate of Collaboration Products, the Company issued 3,492,365 ordinary shares to Providence with issue price of HKD13.12 with aggregate value USD5.9 million (equivalent to RMB39.6 million) and capitalized as intangible assets.

17 INTANGIBLE ASSETS (CONTINUED)

(f) Collaboration and license agreement with Providence Therapeutics Holdings Inc. ("Providence") (continued)

mRNA COVID-19 Vaccines (continued)

Termination of collaboration and license agreement

On 16 February 2024, the Company and Providence entered into a termination agreement (the "Termination Agreement") whereby the parties agreed to terminate the above collaboration and license agreements in entirety, effective as of 16 February 2024 (the "Effective Date"), and any and all obligations of one party to the other party are forever waived, satisfied and extinguished and neither party shall have any further obligation, responsibility, liability to each other under the collaboration and license agreements or any performance of activities thereunder.

In addition, pursuant to the Termination Agreement, the parties agreed that (i) Providence shall grant the Company a worldwide, perpetual and irrevocable, royalty-free (except as set forth below), non-exclusive license, with the right to sublicense in part (but not in whole or substantially in whole), to all intellectual property rights (or embodiments of such rights) provided, transferred, or made available by Providence to the Company as of immediately prior to the Effective Date, to exploit the Collaboration Products (i.e. rabies vaccine program and the shingles vaccine program) and the additional products (including mRNA COVID-19 Vaccines); (ii) each of the Company and Providence shall own any such intellectual property rights developed by it after the Effective Date; and (iii) the Company and Providence shall co-own certain intellectual property rights related to the Collaboration Products.

The Company agreed to pay Providence (i) a one-time, upfront payment of USD4.0 million; and (ii) potential regulatory milestone payments of up to USD17.5 million should the Company decide to develop the Collaboration Products. In addition, the Company shall pay Providence royalties from the sale of Collaboration Products in the Providence territory, and Providence shall pay the Company royalties from the sale of Collaboration Products in the Everest territory, each at a rate of a low-single-digit percentage of the aggregate net sales of the Collaboration Product(s) during the applicable royalty payment term.

The Company assessed that the termination had no significant impact on the continuous research and development of mRNA COVID-19 Vaccines and the Collaboration Products.

In February 2024, the Group made a payment of USD4 million (equivalent to RMB28.4 million) to Providence and capitalized as intangible assets.

In the second quarter of 2024, the Group revisited the future market of mRNA COVID-19 Vaccines, and with the declining economic and social benefits of continuing to develop mRNA COVID-19 Vaccines, the Group made a decision to deprioritize the development of mRNA COVID-19 Vaccines. As a result, the Group recognized a full impairment loss of RMB356.3 million (US$50 million) against the related intangible asset during the six-month period ended 30 June 2024 given no economic benefits can be recovered.

17 INTANGIBLE ASSETS (CONTINUED)

(g) License Agreement with Sinovent Pharmaceuticals, Co., Ltd. ("Sinovent") and SinoMab BioScience Limited ("SinoMab")

XNW-1011

In September 2021, the Group entered into a license agreement with Sinovent and SinoMab. Pursuant to which, Sinovent and SinoMab granted the Group an exclusive worldwide rights to develop, manufacture and commercialize XNW1011.

Under the terms of the agreement, the Group made an initial upfront payment of USD12 million (equivalent to RMB77.4 million) to Sinovent and SinoMab in September 2021 and capitalized such payment. The Group also agreed to make development and regulatory milestone payments, commercial milestone payments, as well as tiered royalties on net sales to Sinovent and SinoMab.

(h) License Agreement with Singapore's Experiential Drug Development Centre ("EDDC")

EDDC-2214

In January 2022, the Group entered into a license agreement with EDDC, pursuant to which EDDC granted the Group an exclusive worldwide rights to develop, manufacture and commercialize COVID-19 oral antiviral treatments.

Under the terms of the agreement, the Group made an upfront payment of USD2.5 million (equivalent to RMB16.5 million) to EDDC in January 2022 and capitalized such payment. The Group also agreed to pay clinical and commercial milestone payment, as well as royalties on net sales of products.

On 24 October 2022, as the Group issued a termination notice to EDDC, pursuant to which the Group desired to terminate the licensing agreement with EDDC and transfer the materials, reports and documents related to COVID-19 oral antiviral treatments to EDDC with no consideration. As a result, the Group recognized a full impairment loss of RMB16.5 million for the related intangible asset given no economic benefits can be recovered. The termination agreement was subsequently entered into between the Group and EDDC in January 2023 and the termination was effective accordingly.

17 INTANGIBLE ASSETS (CONTINUED)

(i) Collaboration and license agreement with Kezar Life Sciences, Inc. ("Kezar")

Zetomipzomib

In September 2023, the Group entered into a license agreement with Kezar, pursuant to which Kezar granted the Group an exclusive rights to develop, manufacture and commercialize Zetomipzomib in Mainland China, Taiwan, Hong Kong ,Macau, South Korea, Singapore, Malaysia, Thailand, Indonesia, Vietnam and Philippines.

Under the terms of the agreement, the Group made an initial upfront payment of USD7 million (equivalent to RMB49.3 million) to Kezar in October 2023 and capitalized such payment.

(j) Impairment test

The Group's in-licenses and IPR&D are intangible assets not yet ready for use, the impairment of which are tested annually based on the recoverable amount of the cash generating unit ("CGU") to which the intangible assets are related. The appropriate CGU of each IPR&D is determined at the drug product level. The annual impairment test was performed for each drug product by engaging an independent appraiser to estimate the fair value less cost to sell as the recoverable amount of each drug. The fair value of the future cash flows is based on the discounted cash flow model (specifically multi period excessive earning method) and the Group estimated the forecast period till year 2035 for each drug product based on the estimated timing of clinical development and regulatory approval, commercial ramp up to reach expected peak revenue potential, and the length of exclusivity for each product. The estimated revenue of each drug is based on management's estimate of timing of commercialization. The costs and operating expenses are estimated as a percentage over the revenue forecast period based on the current margin levels of comparable companies with adjustments made to reflect the expected future price changes. Where some common assets, such as buildings, production lines, equipments and manufacturing machines, are attributable to more than one CGU, the cost of such assets are allocated to relevant CGUs on reasonable basis. The discount rates used are post tax and reflect specific risks relating to the relevant products that would be considered by market participants.

The Group did not perform quantitative impairment test for above intangible assets as at 30 June 2024, because the Group's policy is to perform impairment test annually at 31 December, or more frequently if events or changes in circumstances indicate that they might be impaired in accordance with IAS 36 Impairment of assets. Based on the assessment on the developments of each of the Group's drug candidates which were still under developing stage, including drug development progress and the expected achievement of drug development milestones, except for provision provided for intangible assets related to mRNA COVID-19 Vaccines, it was concluded that there was no impairment indicator for other intangible assets as at 30 June 2024.

(Expressed in thousands of RMB unless otherwise stated)

18 INVESTMENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Investments in I-Mab — at FVOCI (a)	**31,455**	35,565
Investments in Venatorx — at FVPL (b)	**13,447**	13,365
	44,902	48,930

(a) Investments in I-Mab represents the Group's investments in 6,078,571 ordinary shares issued by I-Mab upon I-Mab's initial public offering on 17 January 2020. The Group subsequently measures this investment at fair value and has elected to present fair value gains and losses on equity investment in other comprehensive loss.

As at 30 June 2024, based on quoted market share price of I-Mab, the fair value of this investment was USD4.4 million (equivalent to RMB31.5 million), which is USD0.6 million (equivalent to RMB4.1 million) lower than the carrying value of USD5.0 million (equivalent to RMB35.6 million) of 31 December 2023, and the difference of RMB4.1 million was recorded as an other comprehensive loss for the six months ended 30 June 2024 (For the six months ended 30 June 2023: RMB19.8 million).

(b) The Group acquired the investment in Venatorx through the acquisition of Everest II. Everest II invested in 141,553 Series B convertible preferred stock (Series B Preferred Stock) issued by Venatorx in October 2018. The Series B Preferred Stock is a debt instrument from issuer's perspective as Venatorx cannot prevent deemed liquidation event from happening. Thus, the investment in Venatorx is classified as investment at fair value through profit or loss.

The investment in Venatorx is classified as Level 3 investment. During the six months ended 30 June 2024, the Group assessed whether fair value has changed, considering changes in circumstances such as: the current performance of Venatorx is significantly above or below the expectations at the time of the original investment; market, economic or company specific conditions have significantly improved or deteriorated since the time of the original investment, and any financing activities of Venatorx. The result of such consideration provided indications whether the carrying value of the investment should be increased or decreased to represent fair value.

Based on the Group's assessment, there were no changes to the fair value of the investment in Venatorx, at the amount of USD1.8 million, as of 30 June 2024. The difference of carrying value is due to the foreign currency translation difference of RMB against USD at the date of each balance sheet.

(Expressed in thousands of RMB unless otherwise stated)

19 OTHER NON-CURRENT ASSETS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Rental deposits	5,634	5,504
Loan to a director (a)	2,432	2,403
Prepayment for equipment	1,351	619
Prepayment for purchasing intangible assets	50	–
	9,467	8,526

(a) On 2 July 2020, the Company provided a loan to one director of the Company, at the total amount of USD325 thousand. The loan has term of three years and a simple interest rate of 5.0% per annum. The principal and accrued interest will be paid on maturity date. In 2021, pursuant to an amendment agreement with this director, the interest rate decreased from 5.0% per annum to 1.25% per annum. In July 2023, according to the contract, such loan was automatically renewed for another three years with the same interest rate of 1.25% per annum, and the principal and interests will be repaid by this director in July 2026.

Other than above, there were no outstanding loan made for the purpose of employee share scheme or loans to employees during the six months ended 30 June 2024 and 2023.

20 INVENTORIES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Drug products	27,846	18,944

(Expressed in thousands of RMB unless otherwise stated)

21 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables from contracts with customers	**259,361**	49,858

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	**259,361**	49,858

The Group's trading term with its customers are based on the payment schedule of the contracts with normal credit term of 60 to 90 days from the day of billing. The ageing of trade receivables as at the end of the reporting period, based on the date of invoice or the date of the service rendered, is less than three months and the expected credit loss is minimal. Trade receivables are non-interest bearing. The carrying amounts of trade receivables approximate to their fair values.

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
CNY	**256,814**	26,636
USD	**1,149**	22,360
SGD	**1,398**	862
	259,361	49,858

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets as per statements of financial position		
Amortized cost:		
Other non-current assets, excluding non-financial assets	**8,066**	7,907
Prepayments and other current assets, excluding non-financial assets	**15,394**	24,251
Trade receivables (a)	**259,361**	49,858
Bank deposits	**1,339,838**	1,826,628
Cash and cash equivalents	**585,632**	523,063
Fair value through profit and loss:		
Investments in Venatorx	**13,447**	13,365
Fair value through other comprehensive income:		
Investments in I-Mab	**31,455**	35,565
	2,253,193	2,480,637

(a) As of 30 June 2024 and 31 December 2023, the ageing of trade receivables is within one year from the invoice date.

(Expressed in thousands of RMB unless otherwise stated)

22 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial liabilities	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Liabilities as per statements of financial position		
Amortized cost:		
Trade and other payables	**146,004**	191,840
Lease liabilities	**50,989**	58,648
Borrowings	**481,451**	451,978
Fair value through profit and loss:		
Financial instruments issued to investors	**23,661**	28,614
	702,105	731,080

23 PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Value-added tax recoverable	**19,077**	47,248
Interest receivables	**15,114**	21,696
Prepayments to suppliers	**6,492**	6,042
Rental deposits	**280**	206
Receivables due from third parties	**–**	13,012
Others	**594**	916
	41,557	89,120

None of the above assets is past due or impaired. The financial assets included in the above balances mainly related to interest receivables, rental deposits and receivables due from third parties for which there was no history of default and the expected credit losses are considered minimal.

(Expressed in thousands of RMB unless otherwise stated)

24 CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash at bank	585,632	523,063
Bank deposits	1,339,838	1,826,628
	1,925,470	2,349,691
Cash and bank balances denominated in:		
— USD	1,838,103	2,222,712
— RMB	77,459	97,366
— HKD	9,829	25,118
— KRW	53	1,455
— SGD	26	3,040
	1,925,470	2,349,691

As at 30 June 2024 and 31 December 2023, cash and cash equivalents and bank deposits of the Group are mainly denominated in USD and RMB. Bank deposits included fixed rate certificates of deposit not fall in the scope of cash equivalents and term deposits with initial term of over three months and less than one year. Bank deposits were neither past due nor impaired. The directors of the Company considered that the carrying amount of the bank deposits approximated to their fair value as of 30 June 2024 and 31 December 2023. The effective interest rates of the bank deposits for the six months ended 30 June 2024 were 5.25%–5.33% (For year ended 31 December 2023: 5.20%–5.35%).

(Expressed in thousands of RMB unless otherwise stated)

25 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current		
Preferred Shares issued by EverNov	**23,661**	28,614

On 20 June 2018, the Company's subsidiary EverNov entered into a license agreement with Novartis and obtained the right to research, develop and commercialize one compound FGF401. The total upfront fee paid for the license included cash consideration of USD20 million (equivalent to RMB132.7 million) and 4,000,000 Series A-2 Convertible Preferred Shares issued by EverNov (See Note 17(d) for details). On the same date, EverNov issued 21,000,000 Series A-1 Convertible Preferred Shares to the Company, at the purchase price of USD1.00 per share for an aggregate purchase price of USD21 million (equivalent to RMB139 million) in cash.

Pursuant to the Memorandum of Articles of Association of EverNov, Novartis has the option to request EverNov to redeem its equity interests at USD4 million (equivalent to RMB28 million) upon certain deemed liquidation events. Therefore, the Company designated the Series A-2 Convertible Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value.

With the assistance of an independent valuer, the fair value of the preferred shares are estimated by using discounted cash flow method first to determine the total equity value of EverNov, and then option pricing model was adopted to allocate the equity value to the preferred shares. The key assumptions are summarized as follows:

	As at 30 June 2024	As at 31 December 2023
Discount rate	**15.0%**	16.0%
Discount of lack of marketability	**30.0%**	30.0%
Risk-free interest rate	**4.5%**	4.0%
Expected volatility	**84.0%**	77.0%

(Expressed in thousands of RMB unless otherwise stated)

25 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS (CONTINUED)

EverNov's preferred shares activities during the six months ended 30 June 2024 and 2023 are summarized below:

	EverNov Series A-2 Convertible Preferred Shares RMB'000 (Unaudited)
Balance as of 1 January 2024	**28,614**
Fair value change	**(5,116)**
Currency translation differences	**163**
Balance as of 30 June 2024	**23,661**
Balance as of 1 January 2023	30,923
Fair value change	(554)
Currency translation differences	1,135
Balance as of 30 June 2023	31,504

(Expressed in thousands of RMB unless otherwise stated)

26 LEASE LIABILITIES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Minimum lease payments due		
— Within 1 year	**19,772**	19,120
— Between 1 and 2 years	**20,789**	20,349
— Between 2 and 5 years	**13,783**	23,839
	54,344	63,308
Less: future finance charges	**(3,355)**	(4,660)
Present value of lease liabilities	**50,989**	58,648
Portion classified as current liabilities	**19,293**	18,652
Portion classified as non-current liabilities	**31,696**	39,996
Present value of lease liabilities due		
— Within 1 year	**19,293**	18,652
— Between 1 and 2 years	**19,590**	19,129
— Between 2 and 5 years	**12,106**	20,867
	50,989	58,648

The following table sets forth the discount rate of our lease liabilities as the dates indicated:

	As at 30 June 2024 % (Unaudited)	As at 31 December 2023 % (Audited)
Lease liabilities	**0.2%–13.71%**	0.2%–13.71%

(Expressed in thousands of RMB unless otherwise stated)

26 LEASE LIABILITIES (CONTINUED)

The Group leases various properties for operation and these liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

The statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	**(8,337)**	(8,873)
Interest expense (included in finance costs)	**(1,326)**	(1,757)
Expense relating to short-term leases (included in general and administrative expenses)	**(554)**	(667)

The total cash outflow for leases for the six months ended 30 June 2024 were RMB11,051 thousand (For the six months ended 30 June 2023: RMB11,253 thousand).

Information about right-of-use assets is set out in Note 16.

As at 30 June 2024 and 31 December 2023, the Group leases some office and equipment under irrevocable lease contracts with lease term less than one year and leases of low value assets that have been exempted from recognition of right-of-use assets as permitted under IFRS16. The future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts are as follows:

	As at 30 June	As at 31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
No later than 1 year	**876**	453

(Expressed in thousands of RMB unless otherwise stated)

27 BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current:		
Unsecured bank loans (a)	–	230,000
Secured bank loans (b)	222,914	199,314
	222,914	429,314
Current:		
Secured bank loans (b)	258,046	22,146
Bank loans — interest payables	491	518
	258,537	22,664
	481,451	451,978

As at 30 June 2024 and 31 December 2023, the group's borrowings were repayable as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	258,537	22,664
Between 1 and 2 years	101,111	307,511
Between 2 and 5 years	121,803	121,803
	481,451	451,978

(Expressed in thousands of RMB unless otherwise stated)

27 BORROWINGS (CONTINUED)

(a) In April 2023, the Group entered into a loan agreement with Industrial Bank Co., Ltd. Shanghai Branch, pursuant to which the Company obtained a loan of RMB230 million with the loan period from April 2023 to April 2025. The interest rate was one-year's Loan Prime Rate ("LPR") plus 0.9% with interests payable at each quarterly end. There was no guarantee or pledge for the loan. This loan contain certain standard covenants including, among others, limitation on liens, liquidation and dissolution of the Company. As at 30 June 2024, the Company was in compliance with all of the loan covenants.

(b) In August 2023, the Group entered into a loan agreement with Industrial Bank Co., Ltd., pursuant to which the Company obtained a loan of RMB221.46 million with the loan period from August 2023 to August 2026. The interest rate was one-year's Loan Prime Rate ("LPR") plus 0.45% with interests payable at each quarterly end. The loan is pledged by 22.7273% equity interest of the Everest Medicines (China) Co., Ltd. This loan contains certain standard covenants including, among others, limitation on liens, liquidation and dissolution of the Company. As of 30 June 2024, the Company was in compliance with all of the loan covenants.

(c) In June 2024, the Group entered into a loan agreement with China Minsheng Banking Corp., Ltd., pursuant to which the Company obtained a loan of RMB29.5 million with the loan period from June 2024 to June 2026. The interest rate was 3.25% with interests payable at each quarterly end. This loan contains certain standard covenants including, among others, limitation on liens, liquidation and dissolution of the Company. As of 30 June 2024, the Company was in compliance with all of the loan covenants.

28 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Government grants (a)	**5,975**	6,053

(a) On 17 February 2023, the Group received a government grant of RMB6.2 million from local government to subsidize the Group's purchase of property, plant and equipment. The Group recorded the grant as deferred income in non-current liabilities, which is recognized as other income in consolidated statement of comprehensive loss on a straight-line basis over the expected useful lives of the related assets.

(Expressed in thousands of RMB unless otherwise stated)

29 TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables (a)	70,273	48,893
Salary and staff welfare payables	44,967	63,251
Payables for property, plant and equipment	38,489	56,936
Payables for service suppliers (a)	24,011	46,587
Tax payables	12,742	3,720
Accrued service fees due to Contract Research Organizations ("CROs")	6,683	10,263
Payables for intangible assets	708	21,956
Others	5,840	7,205
	203,713	258,811

As at 30 June 2024 and 31 December 2023, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

(a) As at 30 June 2024 and 31 December 2023, the ageing analysis of trade payables and payables for service suppliers based on invoice date are as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
— Within 1 year	94,284	95,480

(Expressed in thousands of RMB unless otherwise stated)

30 SHARE CAPITAL

Share capital of the Company

	Number of shares	Nominal value of shares in USD
Authorized		
Authorized shares upon incorporation and as at 30 June 2024 and 31 December 2023 (a)	500,000,000	50,000

	Number of shares	Nominal value of shares in USD	Nominal value of shares in RMB
Issued			
As at 1 January 2024	323,704,720	32,371	219,650
Exercise of stock options	1,460,073	146	1,037
As at 30 June 2024 (Unaudited)	325,164,793	32,517	220,687
As at 1 January 2023	312,088,673	31,210	211,465
Exercise of stock options	3,995,899	398	2,769
As at 30 June 2023 (Unaudited)	316,084,572	31,608	214,234

(a) The authorized share capital of USD50,000 is divided into 500,000,000 ordinary shares of a par value of USD0.0001 each.

(Expressed in thousands of RMB unless otherwise stated)

31 SHARE-BASED COMPENSATION

(i) Restricted share units

The restricted share units issued to employees shall be released in accordance with the following schedule: (A) one-fourth (1/4) of such restricted share units shall be released on the first anniversary of the commencement date; (B) the remainder of such restricted shares shall be released in thirty-six (36) equal monthly instalments, twelve (12) equal quarterly instalment, or upon the second, third and fourth anniversaries of the commencement date.

The following table summarizes the Group's restricted shares activities:

	Numbers of shares	Weighted average grant date fair value USD
Non-vested shares at 1 January 2024	**5,925,488**	**2.58**
Forfeited	**(738,230)**	**2.18**
Vested	**(1,476,872)**	**3.27**
Granted	**3,310,421**	**2.45**
Non-vested shares at 30 June 2024 (Unaudited)	**7,020,807**	**2.42**
Non-vested shares at 1 January 2023	10,727,179	3.99
Forfeited	(4,213,884)	1.97
Vested	(3,418,151)	5.94
Granted	7,179,974	1.69
Non-vested shares at 30 June 2023 (Unaudited)	10,275,118	2.56

On 5 April 2024, as approved by the Company's board of directors, a total of 651,391 restricted shares were granted to certain management executives with service and performance conditions. Performance conditions included non-market or market performance conditions and the assessment period for these performance conditions ends on 1 April 2028. The Performance Target Awards shall become immediately vested upon the achievement of certain operational targets and stock price targets as set out in the relevant grant letter.

31 SHARE-BASED COMPENSATION (CONTINUED)

(i) Restricted share units (continued)

On 3 April 2023, as approved by the Company's board of directors, a total of 1,593,863 restricted shares were granted to certain management executives with service and performance conditions. Performance conditions included non-market or market performance conditions and the assessment period for these performance conditions ends on 3 April 2026. The Performance Target Awards shall become immediately vested upon the achievement of certain operational targets and stock price targets as set out in the relevant grant letter.

On 1 April 2022, as approved by the Company's board of directors, a total of 4,500,000 restricted shares were granted to certain management executives with service and performance conditions. Performance conditions included non-market or market performance conditions and the assessment period for these performance conditions ends on 1 May 2023. The non-market performance condition included specified performance targets of the Group's operations; The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 30 consecutive trading days higher than pre-determined share prices.

For restricted share units with non-market performance condition, the Company adjusted the number of restricted share units expected to vest at each reporting period. As of 30 June 2024, for the restricted shares with performance conditions granted on 5 April 2024 and 3 April 2023, the Company believed all these restricted share units are expected to vest. For restricted share units with market performance conditions, the Company used Monte Carlo Simulation model to simulate the share price trend in the future to determine the time when such market performance conditions are met, then share-based compensation expenses is recognized over the vesting terms irrespective of whether that market performance conditions are achieved subsequently. Share-based compensation expenses for these restricted share units were measured using the fair value during USD0.08 to USD0.49 at the grant date and were recognized in the consolidated statement of comprehensive loss by using graded vesting method over the vesting term.

Except for the restricted share units with market performance vesting conditions, the share-based compensation expenses for the restricted share units granted in 2024 were measured using the fair value of the Company's ordinary shares of USD2.78 at the grant date and were recognized in the consolidated statement of comprehensive loss by using graded vesting method over the vesting term.

The share-based compensation expenses for the restricted shares units recognized for the six months ended 30 June 2024 were RMB27,887 thousand (For the six months ended 30 June 2023: RMB32,320 thousand), respectively.

As of 30 June 2024, there was RMB77,220 thousand (As of 31 December 2023: RMB26,215 thousand) of unrecognized shared-based compensation expenses related to restricted shares units, which is expected to be recognized over a weighted-average period of 1.68 years (As of 31 December 2023: 1.49 years).

31 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option

On 23 November 2017, the board of directors adopted a Stock Option Plan for Management Shareholders for issuance of stock options to Management Shareholders ("Stock Option Plan for Management Shareholders"). Such Plan has a contractual term of ten (10) years from the adoption date, and grants under the Plan vest over a period of three years of continuous service, with one-third (1/3) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 24 months.

On 25 December 2018, and amended on 17 February 2020, the board of directors adopted a Stock Option Plan for Employees for issuance of stock options to employee, officer, director, contractor, advisor or consultant of the Group with the maximum aggregate number of 8,080,489 shares reserved ("Stock Option Plan for Employees"). According to the Stock Option Plan for Employees, a contractual term of ten (10) years from adoption date, and grants under the Plan vest over a period of four years of continuous service, with one-fourth (1/4) vesting upon the first anniversary of the stated vesting commencement date and the remaining vesting ratably over the following 12 quarters.

On 21 September 2020, the Company's shareholders approved the Post-IPO Share Option Scheme, which was effective upon completion of the Listing. The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company is 28,369,038, being no more than 10% of the shares in issue on the date the shares commence trading on the Stock Exchange assuming the Over-allotment Option is not exercised and no shares are issued under the share schemes.

(Expressed in thousands of RMB unless otherwise stated)

31 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option (continued)

The following table summarizes the Group's stock option activities:

	Number of Options Outstanding	Weighted Average Exercise Price USD	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value RMB'000
Outstanding at 1 January 2024	**15,623,594**	**2.21**	**5.55**	**50,333**
Granted	**7,262,380**	**2.88**		
Forfeited	**(645,715)**	**2.45**		
Exercised	**(1,460,073)**	**0.59**		
Outstanding at 30 June 2024 (Unaudited)	**20,780,186**	**2.55**	**5.88**	**–**
Outstanding at 1 January 2023	21,476,608	2.09	5.18	21,331
Granted	8,920,924	1.99		
Forfeited	(3,493,627)	4.37		
Exercised	(3,995,899)	0.62		
Outstanding at 30 June 2023 (Unaudited)	22,908,006	1.96	5.50	178,756

(Expressed in thousands of RMB unless otherwise stated)

31 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option (continued)

In February and July 2020, as approved by the Company's board of directors, a total of 17,100,788 stock options were granted with vesting conditions of service and performance. The non-market performance condition requires that certain shares will immediately vest upon an IPO in accordance with the Plans and will become restricted to a three-year lock-up period post the IPO. The market condition requires that certain shares to become vested upon achievement of each milestone when the average volume based closing trading price of the Company during any of 90 consecutive trading days after the IPO and the listing is higher than pre-determined share prices. Certain milestones of the market condition have been reached in the year of 2021 and the related expense was trued up. For the six months ended 30 June 2024, no further milestone of the market condition was reached.

The weighted-average grant date fair value for options granted during the six months ended 30 June 2024 was USD2.55 (equivalent to RMB18.17), computed using Black Scholes model to determine the fair value as of the grant date, with the assumptions summarized as follows:

	Six months ended 30 June 2024
Risk-free interest rate	3.49%–3.84%
Expected dividend yield	0%
Expected volatility	55%

The weighted-average grant date fair value for options granted during the six months ended 30 June 2023 was USD1.99 (equivalent to RMB14.38), computed using Black Scholes model to determine the fair value as of the grant date, with the assumptions summarized as follows:

	Six months ended 30 June 2023
Risk-free interest rate	3.55%–3.67%
Expected dividend yield	0%
Expected volatility	60%

The share-based compensation expenses for the stock options recognized for the six months ended 30 June 2024 were RMB21,498 thousand (For the six months ended 30 June 2023: RMB12,927 thousand).

(Expressed in thousands of RMB unless otherwise stated)

31 SHARE-BASED COMPENSATION (CONTINUED)

(ii) Stock option (continued)

As of 30 June 2024 there were unrecognized shared-based compensation expenses of RMB25,729 thousand (As of 31 December 2023: RMB25,689 thousand) related to stock options.

(iii) Other share-based compensation arrangements

On 6 March 2020, Everest Management Holding Co., Ltd ("Manco"), the shareholder of the Company, granted its restricted shares to the Group's directors for their services provided to the Group. The share-based compensation expenses for such restricted shares for the six months ended 30 June 2024 were nil (For the six months ended 30 June 2023: RMB57 thousand) and were pushed down to the Group accordingly.

32 RESERVES

	Capital reserve (a) RMB'000	Treasury shares (b) RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2024	**13,920,484**	**(1)**	**13,920,483**
Share-based compensation	**49,385**	**–**	**49,385**
Restricted share units vested	**(1)**	**1**	**–**
Exercise of stock options	**6,103**	**–**	**6,103**
At 30 June 2024	**13,975,971**	**–**	**13,975,971**
(Unaudited)			
At 1 January 2023	13,817,287	(3)	13,817,284
Share-based compensation	45,304	–	45,304
Restricted share units vested	(2)	2	–
Exercise of stock options	16,962	–	16,962
At 30 June 2023	13,879,551	(1)	13,879,550

(Expressed in thousands of RMB unless otherwise stated)

32 RESERVES (CONTINUED)

(a) Capital reserve includes share premium arising from the issuance of shares at a price in excess of their par value.

(b) Treasury shares

For the six months ended 30 June:

	Number of shares		RMB'000	
	2024	2023	2024	2023
(Unaudited)				
At beginning of the period	**4,348,701**	6,629,657	**1**	3
Restricted share units vested	**(1,476,872)**	(3,418,151)	**(1)**	(2)
At end of the period	**2,871,829**	3,211,506	**–**	1

33 ACCUMULATED OTHER COMPREHENSIVE INCOME

	FVOCI reserve RMB'000	Exchange reserve RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2024	**(229,503)**	**293,950**	**64,447**
Change in fair value of financial assets at FVOCI	**(4,332)**	**–**	**(4,332)**
Foreign currency translation	**–**	**24,154**	**24,154**
At 30 June 2024	**(233,835)**	**318,104**	**84,269**
(Unaudited)			
At 1 January 2023	(187,042)	196,048	9,006
Change in fair value of financial assets at FVOCI	(21,793)	–	(21,793)
Foreign currency translation	–	144,889	144,889
At 30 June 2023	(208,835)	340,937	132,102

(Expressed in thousands of RMB unless otherwise stated)

34 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Major non-cash transactions — financing activities

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net addition/(disposal) of right-of-use assets	**1,470**	(12,653)
Fair value change in financial instruments issued to investors	**(5,116)**	(554)
	(3,646)	(13,207)

(ii) Net debt reconciliation

	Borrowings	Other current/ non-current liabilities	Preferred shares	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
At 1 January 2024	**451,978**	**–**	**28,614**	**58,648**	**539,240**
Financing cash flows in	**29,500**	**–**	**–**	**–**	**29,500**
Financing cash flows out	**(9,475)**	**–**	**–**	**(10,497)**	**(19,972)**
Interest expenses	**9,448**	**–**	**–**	**1,326**	**10,774**
Non-cash transactions	**–**	**–**	**(5,116)**	**1,470**	**(3,646)**
Foreign currency translation	**–**	**–**	**163**	**42**	**205**
At 30 June 2024	**481,451**	**–**	**23,661**	**50,989**	**556,101**
(Unaudited)					
At 1 January 2023	–	424,081	30,923	79,634	534,638
Financing cash flows in	–	230,000	–	–	230,000
Financing cash flows out	–	(444,653)	–	(10,586)	(455,239)
Interest expenses	–	13,351	–	1,757	15,108
Non-cash transactions	–	–	(554)	(12,653)	(13,207)
Foreign currency translation	–	7,478	1,135	73	8,686
At 30 June 2023	–	230,257	31,504	58,225	319,986

(Expressed in thousands of RMB unless otherwise stated)

35 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The equity holders, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(i) Transactions

(a) Renewal of loan to a director:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loan to a director (Note 19)	**–**	2,437

(ii) Balances

(a) Loan receivable due from a director:

	As at 30 June	As at 31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Loan receivable due from a director (Note 19)	**2,432**	2,403

(Expressed in thousands of RMB unless otherwise stated)

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonuses	**20,967**	26,576
Contributions to pension plans	**412**	411
Housing funds, medical insurance and other social insurance	**1,022**	890
Share-based payments	**22,087**	12,029
	44,488	39,906

The Salaries, wages and bonuses disclosed above include nil (31 December 2023: RMB10,128 thousand) of bonuses payable which were unpaid as at period end and are included in other payables. In addition, the contributions to pension plans and housing funds, medical insurance and other social insurance disclosed include RMB36 thousand (31 December 2023: RMB12 thousand) of obligations payable to the key management personnel. The share-based payments provided to key management personnel consist of options and deferred shares which are both equity-settled.

36 COMMITMENTS

Other than lease commitments for short-term leases disclosed in Note 26, the Group had the following commitments.

Capital expenditure commitments

	As at 30 June	As at 31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment	**38,056**	78,714

Definitions

"2023 Annual Report"	the annual report for the year ended 31 December 2023 of the Company published on 24 April 2024
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of our Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this interim report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company", "Everest" or "Everest Medicines"	Everest Medicines Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 14 July 2017
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of our Company
"FGF19"	fibroblast growth factor 19, a specific ligand, for the FGF receptor 4. FGF19-FGFR4 signaling is implicated in many cellular processes, including cell proliferation, migration, metabolism and differentiation
"FGF401"	a small molecule competitive inhibitor of FGFR4, that was discovered by Novartis AG. FGF401 is a potential new treatment for HCC and other solid tumors with activation of the FGF19-FGFR4 pathway. It is one of our drug candidates

Definitions

"FGFR4"	a receptor for FGF19, which requires KLB as a co-receptor. FGFR4 serves as a target for treatment of cancer because activation of the FGF19-FGFR4 pathway occurs in liver tumors and other solid tumors. Knockdown of FGF19, FGFR4 and KLB in liver cancer cell lines inhibits proliferation, and FGF19 expressed by non-tumor cells can lead to tumor formation in the liver. Fibroblast growth factor receptors (FGFRs) play a key role in regulating cell survival and proliferation, and a growing body of evidence suggest they also play a role in cancer progression
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"IPO"	initial public offering
"KLB"	Klotho beta, a co-receptor required for the activation of FGFR4 by FGF19
"Latest Practicable Date"	27 August 2024, being the latest practicable date for ascertaining certain information in this interim report before its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	9 October 2020, the date on which the Shares were listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"NDA"	new drug application
"NefIgArd"	a randomized, double-blind, placebo-controlled, two-part global registrational phase 3 clinical trial in IgA nephropathy
"NMPA"	China National Medical Products Administration (國家藥品監督管理局), successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Company
"Post-IPO Share Award Scheme"	the post-IPO share award scheme adopted by the Company on 21 September 2020
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by the Company on 21 September 2020
"Pre-IPO ESOP"	the employee equity plan approved and adopted by our Company on 25 December 2018 as amended and restated on 17 February 2020
"Pre-IPO MSOP"	the employee stock option plan approved and adopted by our Company on 23 November 2017
"Pre-IPO Share Schemes"	the Pre-IPO ESOP and Pre-IPO MSOP
"Prospectus"	the prospectus of the Company dated 25 September 2020
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the six months ended 30 June 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC

Definitions

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"SPR206"	SPR206 is a polymyxin derivative compound being clinically developed for treating serious infections caused by Gram-negative organisms. SPR206 is being developed as a treatment for high-risk patients with suspected or known Gram-negative infections, such as carbapenem-resistant Enterobacteriaceae, Carbapenem-resistant Acinetobacter baumannii and multi-drug resistant Pseudomonas aeruginosa to prevent mortality and reduce the length of stay in the hospital setting. It is one of our drug candidates
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent


EVEREST MEDICINES
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