LAEKNA

Laekna, Inc.
來凱醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2105

2024 INTERIM REPORT

CONTENTS

Definitions	**02**
Corporate Information	**06**
Business Highlights	**08**
Financial Highlights	**10**
Management Discussion and Analysis	**11**
Corporate Governance and Other Information	**22**
Independent Review Report	**35**
Consolidated Statement of Profit or Loss and Other Comprehensive Income	**36**
Consolidated Statement of Financial Position	**37**
Consolidated Statement of Changes in Equity	**38**
Condensed Consolidated Cash Flow Statement	**39**
Notes to the Unaudited Interim Financial Report	**40**

DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"2024 Share Award Scheme"	the share award scheme adopted by our Company on June 14, 2024, as amended from time to time
"Administrator"	the administrator of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme or the 2024 Share Award Scheme, where the context so requires
"AE"	adverse events, any untoward medical occurrences in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"Afuresertib" or "afuresertib"	an adenosine triphosphate competitive AKT inhibitor
"aHSC"	activated hepatic stellate cells
"AKT"	a serine/threonine protein kinase with 3 isoforms (AKT1, AKT2 and AKT3) that participate in multiple pathways regulating several cellular processes, including survival, proliferation, tissue invasion, and metabolism
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CDE"	the center for drug evaluation set up by the NMPA
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chief Executive Officer"	the chief executive officer of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to "China" and the "PRC" do not apply to Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan region
"CMC"	chemistry, manufacture and control
"Company" or "Our Company"	Laekna, Inc. (來凱醫藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on July 29, 2016
"date of this report"	August 16, 2024
"Director(s)" or "our Director(s)"	the directors of the Company
"ESOP Trusts"	Laekna Halley Trust and Laekna Wonderland Trust, being the trusts set up by the Company to facilitate the administration of the Pre-IPO Share Option Scheme

DEFINITIONS

"Family Trust"	Ealex LLC, a trust set up by Dr. Lu as settlor, The Bryn Mawr Trust Company of Delaware as trustee and Dr. Lu's certain family members as the beneficiaries
"FDA"	the United States Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company that provides market survey and consulting services
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HR+/HER2-breast cancer"	the most common type of breast cancer with overexpression of HR and without overexpression of HER2
"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials; also known as clinical trial application, or CTA, in China
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	June 29, 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"mCRPC"	metastatic castration resistant prostate cancer
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended or supplemented from time to time
"NMPA"	the National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Novartis"	Novartis Pharma AG, a company organized under the laws of Switzerland
"Paclitaxel"	a chemotherapy medication used to treat a number of types of cancer, includes ovarian cancer, esophageal cancer, breast cancer, lung cancer, Kaposi's sarcoma, cervical cancer, and pancreatic cancer

DEFINITIONS

"PCC"	pre-clinical candidate
"PD-1"	programmed cell death protein 1
"PD-L1"	programmed cell death ligand 1
"PFS"	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives without the disease getting worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
"Post-IPO Share Option Scheme"	the share option scheme adopted by our Company on June 9, 2023, as amended from time to time
"Post-IPO Share Schemes"	the 2024 Share Award Scheme and the Post-IPO Share Option Scheme
"Pre-IPO Share Option Scheme"	the share option scheme adopted by our Company on April 11, 2018 and amended on October 30, 2019, April 20, 2021 and March 31, 2022, as amended from time to time
"PROC"	platinum resistant ovarian cancer
"Prospectus"	the prospectus of the Company dated June 16, 2023
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of China
"rPFS"	radiographic progression free survival
"RP2D"	recommended Phase II dose
"SAE"	serious AE, any medical occurrence in human drug trials that at any dose: results in death; is life-threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of Shares

DEFINITIONS

"Share Option(s)"	the share option(s) granted or to be granted pursuant to the terms and conditions of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme
"SOC"	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
"South Korea"	the Republic of Korea
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TEAE"	adverse events not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment
"TNBC"	triple-negative breast cancer, any breast cancer that tests negative for estrogen receptors, progesterone receptors, and excess HER2
"United States", "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent

CORPORATE INFORMATION

COMPANY NAME

Laekna, Inc. (來凱醫藥有限公司)

DIRECTORS

Executive Directors

Dr. LU Chris Xiangyang
(Chairman and Chief Executive Officer)
Ms. XIE Ling (謝玲)
Dr. GU Xiang-Ju Justin

Non-executive Directors

Dr. WANG David Guowei
Mr. SUN Yuan (孫淵)

Independent Non-executive Directors

Dr. YIN Xudong
Dr. LI Min
Mr. ZHOU Jian (周健)
(appointed with effect from January 15, 2024)
Mr. CHAU Kwok Keung (鄒國強)
(resigned with effect from January 15, 2024)

AUDIT COMMITTEE

Mr. ZHOU Jian (周健)
(Chairperson, appointed with effect from January 15, 2024)
Dr. WANG David Guowei
Dr. LI Min
Mr. CHAU Kwok Keung (鄒國強)
(former Chairperson, resigned with effect from January 15, 2024)

REMUNERATION COMMITTEE

Dr. YIN Xudong *(Chairperson)*
Ms. XIE Ling (謝玲)
Mr. ZHOU Jian (周健)
(appointed with effect from January 15, 2024)
Mr. CHAU Kwok Keung (鄒國強)
(resigned with effect from January 15, 2024)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. LU Chris Xiangyang *(Chairperson)*
Dr. YIN Xudong
Dr. LI Min

JOINT COMPANY SECRETARIES

Mr. KE Chenyu (柯晨煜)
Ms. HO Wing Nga (何詠雅)
(appointed with effect from February 2, 2024)
Ms. TANG Wing Shan Winza (鄧潁珊)
(resigned with effect from February 2, 2024)

AUTHORIZED REPRESENTATIVES

Ms. XIE Ling (謝玲)
Ms. HO Wing Nga (何詠雅)
(appointed with effect from February 2, 2024)
Ms. TANG Wing Shan Winza (鄧潁珊)
(resigned with effect from February 2, 2024)

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Davis Polk & Wardwell
10th Floor
The Hong Kong Club Building
3A Chater Road
Hong Kong

REGISTERED OFFICE

4th Floor
Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman
KY1-1002
Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3-2-467, 5 Xingbin Road (Lin Li Center)
Sino-Italy Ningbo Ecological Park
Yuyao
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

COMPLIANCE ADVISER

Huajin Corporate Finance (International) Limited

PRINCIPAL BANKS

Bank of Ningbo Shanghai Zhangjiang Branch
No. 350 Chunxiao Road
Pudong New District
Shanghai
PRC

China Merchants Bank Shanghai Zhangjiang Branch
1/F, Building 1
German Center
No. 88 Keyuan Road
Pudong New District
Shanghai
PRC

Agricultural Bank of China Ningbo Branch
No. 518 Zhongshan East Road
Ningbo
PRC

Citibank N.A., Hong Kong Branch
3 Garden Road
Central, Hong Kong

STOCK CODE

2105

COMPANY WEBSITE

www.laekna.com

BUSINESS HIGHLIGHTS

We have made significant progress with respect to the clinical and pre-clinical developments of our drug candidate assets. For the six months ended June 30, 2024, we made the following milestones and achievements:

ADVANCING THE CLINICAL TRIALS

LAE102 in Obesity, Phase I

LAE102 is our internally discovered monoclonal antibody against ActRIIA. We submitted IND applications to both of CDE and FDA for LAE102 in obesity indication in the first quarter of 2024 and obtained approvals of the same in the second quarter of 2024. We have commenced the Phase I clinical study of LAE102 in June 2024 and ahead of our planned schedule. The Phase I clinical study is a randomized, double-blind, placebo-controlled study to evaluate the safety, tolerability and pharmacokinetics of the therapy. We target to achieve primary completion of the single ascending dose part (the "**SAD Study**") of this Phase I clinical trial in the fourth quarter of 2024. We are committed to bringing this precision therapy to obesity patients who are in need of novel treatment options. Blocking Activin-ActRII pathway could promote muscle regeneration and decrease fat mass. Laekna team has accumulated tremendous experiences and deep knowhow in this specific field and is developing, in addition to LAE102, more drug candidates to maximize the value of targeting ActRII receptors. LAE103 is an ActRIIB-selective antibody and LAE123 is a dual inhibitor against ActRIIA/IIB. Both of them are our internally discovered antibodies for muscle and other disease indications.

LAE002 (afuresertib) +Fulvestrant in HR+/HER2-breast cancer, Phase III

The results of our Phase Ib study in this combination therapy with 20 patients from the U.S. and China have shown promising anti-cancer efficacy with a well-tolerated safety profile. The data of this study have been presented during a poster spotlight session at the 2023 San Antonio Breast Cancer Symposium (SABCS) in December 2023. We have enrolled 11 additional subjects in this Phase Ib study and further verified the promising anti-cancer efficacy with a well-tolerated safety profile indicated in the earlier stage of the study. The Group plans to present the clinical data of all enrolled patients and the patients with positive biomarker in this Phase Ib study as a poster presentation at the European Society for Medical Oncology (ESMO) Congress in Barcelona, Spain in September 2024.

The Group has commenced the Phase III clinical trial AFFIRM-205 in China for LAE002 (afuresertib, an oral AKT inhibitor) plus fulvestrant in patients with PIK3CA/AKT1/PTEN alterations and HR+/HER2- locally advanced or metastatic breast cancer ("**LA/mBC**") (the "**Phase III Clinical Trial AFFIRM-205**") in May 2024, which was ahead of our planned schedule. The Phase III Clinical Trial AFFIRM-205 is a multi-center, randomized, double-blind, placebo-controlled pivotal study to further assess the anti-tumor efficacy and safety of the combination therapy.

LAE002 (afuresertib) +LAE001/prednisone in mCRPC, Phase II

We initiated a Phase II multi-regional clinical trial of the study of LAE002 (afuresertib, an AKT inhibitor) plus LAE001 (CYP17A1/CYP11B2 dual inhibitor) ("**LAE201**") in patients with mCRPC following SOC treatment in the U.S. in June 2021, and South Korea in September 2022. The trial is an open-label, dose-escalation and dose expansion study to assess the efficacy and safety of the combination candidate. The study demonstrated promising treatment benefit for mCRPC patients. As of November 21, 2023, 40 patients who progressed on 1–3 lines of standard treatments, including at least 1 line of abiraterone, or the second generation of AR antagonists, had been enrolled in the recommended Phase II dose group. The median rPFS was 8.1 months. This is a significant improvement compared to the median rPFS of 2 to 4 months of mCRPC patients under the standard treatments historically. The combination therapy was generally tolerable with manageable treatment emergent adverse events and recoverable after routine treatments.

BUSINESS HIGHLIGHTS

Design of the Phase III pivotal trial of LAE201 in patients with mCRPC following SOC treatment has been discussed with FDA. In May 2024, the Group has obtained approval from FDA for the protocol of this Phase III clinical trial. We plan to pursue strategic partnerships to accelerate the development and commercialization of LAE002 (afuresertib) and LAE001 to address the great unmet medical need for cancer therapies.

LAE002 (afuresertib) +Paclitaxel for PROC (PROFECTA-II), Phase II

We have initiated a global MRCT Phase II trial (PROFECTA-II) in both the U.S. and China to treat 150 PROC patients with LAE002 (afuresertib) plus paclitaxel. Top-line data of the global MRCT Phase II trial (PROFECTA-II) was announced in January 2024. The study showed reduced risk of disease progression or death (progression-free survival; PFS) with a hazard ratio (HR) of 0.744 (95% CI: 0.502–1.102) but missed statistical significance. For biomarker subgroup with phospho-AKT positive, IHC>1, (37%), the study data demonstrated that LAE002 (afuresertib) combination arm significantly improved PFS, and the median PFS is 5.4 months vs 2.9 months with HR of 0.352 (95% CI: 0.125–0.997). We will further discuss with regulatory authorities and target to identify a registration path for PROC patient populations that may benefit from LAE002 (afuresertib).

PRE-CLINICAL CANDIDATES (PCC) DECLARATION

For the six months ended June 30, 2024, IND-enabling study has been initiated for LAE103 and we target to submit IND application for LAE103 (ActRIIB-selective antibody) in the second quarter of 2025. We also target to advance LAE123 (dual inhibitor against ActRIIA/IIB) to PCC declaration by the end of 2024.

EXPECTED UPCOMING MILESTONES

- To achieve primary completion of Single-Ascending Dose part of Phase I clinical trial of LAE102 in the fourth quarter of 2024;
- To advance LAE123 to PCC declaration by the end of 2024;
- To submit IND application for LAE120 (USP1 inhibitor) in the fourth quarter of 2024;
- To present more LAE002 (afuresertib)+fulvestrant Phase Ib clinical data and biomarker data as a poster presentation at ESMO in Barcelona, Spain in September 2024; and
- To present LAE002 (afuresertib)+Sintilimab+nab-paclitaxel Phase I clinical study results at the 2024 annual global meeting of the International Gynecologic Cancer Society ("**IGCS**") as a poster presentation in Dublin, Ireland in October 2024.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development expenses	**126,148**	102,337
Administrative expenses	**30,380**	35,965
Fair value changes on financial instruments issued to investors	**–**	71,210
Loss for the period	**143,706**	216,985
Total comprehensive loss for the period	**138,548**	285,759

Our research and development expenses increased by RMB23.8 million or 23.3% from RMB102.3 million for the six months ended June 30, 2023 to RMB126.1 million for the six months ended June 30, 2024. Such increase was primarily attributable to increased clinical trial milestone payment and clinical development expenses related to Phase III Clinical Trial AFFIRM-205 as first patient enrolled in May 2024.

Our administrative expenses decreased by RMB5.6 million or 15.6% from RMB36.0 million for the six months ended June 30, 2023 to RMB30.4 million for the six months ended June 30, 2024, which was primarily attributable to the decrease in listing expenses. The Company's shares were successfully listed on the Main Board of the Stock Exchange in June 2023.

Fair value changes on financial instruments issued to investors were related to preferred shares. All preferred shares were converted into ordinary shares of the Company upon completion of the Listing. Thus, no such losses were incurred during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a science-driven, clinical-stage biotechnology company committed to bringing novel therapies to patients with cancer, metabolic diseases and liver fibrosis around the world. As of June 30, 2024, we have initiated seven clinical trials for LAE102, LAE002 (afuresertib), LAE001 and LAE005 to address unmet medical need in obesity and cancers.

We have assembled a seasoned management team with extensive experience and expertise covering the full cycle of drug discovery and development process, from pre-clinical asset discovery, clinical trial design and execution to regulatory process management and drug manufacturing. As of June 30, 2024, we were supported by a talented R&D team consisting of 64 employees, with 15 holding doctorate degrees and 33 holding master's degrees. Our core management team has established a long track record of accomplishment, leadership and deep knowledge in their respective fields.

LAE102 is our internally discovered antibody against ActRIIA. It has been shown in the pre-clinical studies to be a potential drug candidate developed for obesity indication to increase lean mass and decrease fat mass. We submitted IND applications to both of CDE and FDA in obesity indication in the first quarter of 2024 and obtained approvals of the same in the second quarter of 2024. We have commenced the Phase I clinical study of LAE102 and dosed the first subject in June 2024, which was ahead of our planned schedule. We target to achieve primary completion of the SAD part of this Phase I clinical trial in the fourth quarter of 2024. We are committed to bringing this precision therapy to obesity patients who are in need of novel treatment options. Laekna has been pursuing strategic partnerships to accelerate the development and commercialization of LAE102 for such important indications with a great unmet medical need.

Blocking Activin-ActRII pathway could promote muscle regeneration and decrease fat mass. Laekna team has accumulated tremendous experiences and deep knowhow in this specific field and is developing more drug candidates to maximize the value of targeting ActRII receptors. LAE103 is an ActRIIB-selective antibody and LAE123 is a dual inhibitor against ActRIIA/IIB. Both of them are our internally discovered antibodies for muscle and other disease indications.

In the cancer area, we have built a comprehensive portfolio of drug candidates, including LAE002 (afuresertib), LAE001 and other eight drug candidates. LAE002 (afuresertib) is a potent AKT inhibitor that inhibits all three AKT isoforms (AKT1, AKT2 and AKT3) as well as one of the two AKT inhibitors in late-stage development for breast and prostate cancer globally. LAE002 (afuresertib) has demonstrated several superior features compared to other AKT inhibitors, including higher efficacy, better potency, more significant tumor inhibition exposure and a better safety profile, based on the public data. Capivasertib is the first approved AKT inhibitor from AstraZeneca, which FDA approved for HR+/HER2- breast cancer in November 2023. With the promising efficacy data from our LAE002 (afuresertib) Phase Ib study for HR+/HER2- breast cancer, the Group has initiated the Phase III pivotal study. First patient was enrolled in May 2024 and was ahead of our planned schedule. The Group plans to bring this precision therapy to HR+/HER2- LA/mBC patients who are in need of novel treatment options.

We also continue to develop our clinical trials for the treatment of breast cancer, prostate cancer, ovarian cancer and PD-1/PD-L1 drug-resistant solid tumors to address the unmet medical need. In several clinical trials, the combination of LAE002 (afuresertib) with other therapeutics exhibits favorable efficacy results.

MANAGEMENT DISCUSSION AND ANALYSIS

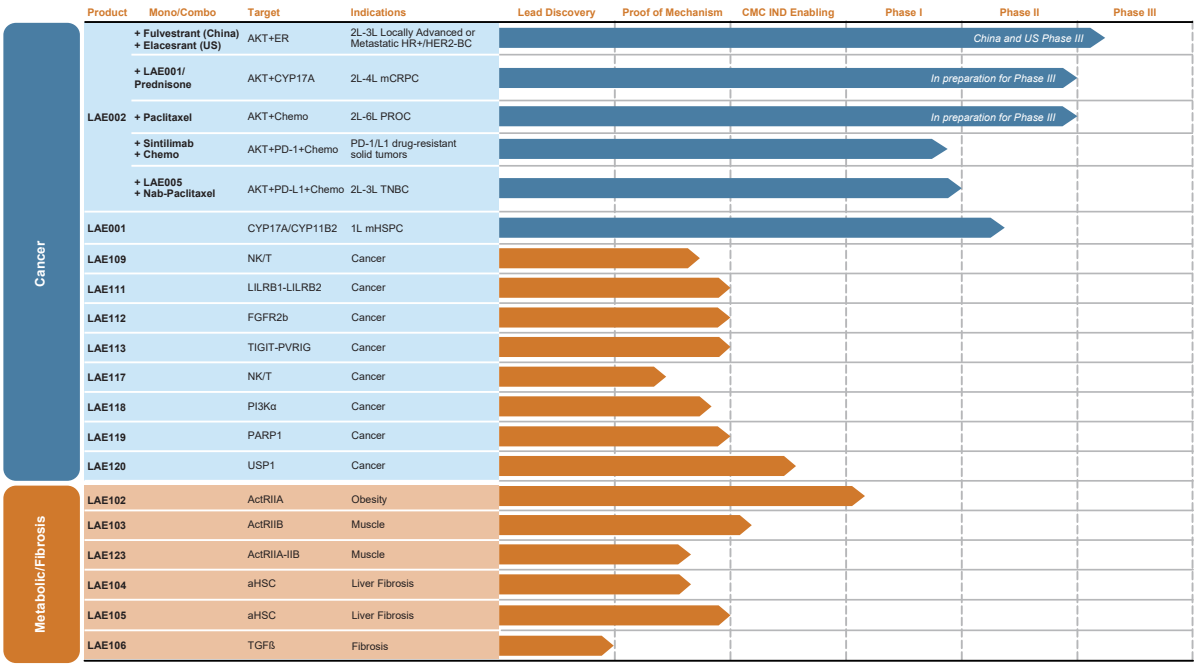
MARKET OPPORTUNITIES IN OBESITY AND CANCER TREATMENTS

Globally, the number of people living with obesity is set to reach over 1.2 billion by 2030[1]. The causes of obesity are complex and, so often, it puts people on a path to other diseases — not only diabetes, but also heart and liver diseases, cancers and many more. There are growing understandings of the critical need to treat obesity among both the medical community and the public, while an increasing number of people living with such disease are actively seeking support.

Although the field of cancer treatment has progressed significantly in the past decade, a large proportion of cancer patients find themselves in the absence of effective or safe treatments. The quality of life of those patients is severely affected, primarily attributable to SOC treatment resistance and/or intolerable toxicity, resulting in a large unmet medical need and a socioeconomic burden. Among those cancers of unmet medical need, HR+/HER2- metastatic breast cancer (HR+/HER2- mBC), mCRPC, PROC and triple negative breast cancer (TNBC) are some of the diseases with limited SOC options and unsatisfactory treatment outcomes.

PIPELINE

The following chart summarizes the development status of our clinical-stage drug candidates and selected pre-clinical-stage drug candidates as of the date of this report:



[1] (World Obesity Federation, 2023b)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended June 30, 2024, the Company has made significant progress with respect to its drug pipeline and business operations, including the following milestones and achievements.

LAE102

LAE102 is our internally discovered ActRIIA-specific monoclonal antibody. It has been shown in the pre-clinical studies to be a potential drug candidate developed for obesity indication to increase lean mass and decrease fat mass. We submitted IND applications to CDE and FDA for obesity indication in the first quarter of 2024 and obtained approval of the same in the second quarter of 2024. The Group has commenced study recruitment in Phase I clinical trial of LAE102 in China and the first subject was dosed in June 2024, which was ahead of our planned schedule. The Phase I clinical trial of LAE102 is a randomized, double-blind, placebo-controlled study to evaluate the safety, tolerability and pharmacokinetics of the therapy. We target to achieve primary completion of the SAD part of this Phase I clinical trial in the fourth quarter of 2024. The Group targets to bring this precision therapy to overweight and obesity patients who are in need of novel treatment options for achieving quality weight control.

Blocking Activin-ActRII pathway could promote muscle regeneration and decrease fat mass. Laekna team has accumulated tremendous experiences and deep knowhow in this specific field and is developing more drug candidates to maximize the value of targeting ActRII pathway. LAE103 is an ActRIIB- selective antibody and LAE123 is a dual inhibitor against ActRIIA/IIB. Both of them are our internally discovered antibodies for muscle and other disease indications in our pipeline of drug candidates.

Laekna has been pursuing strategic partnerships to accelerate the development and commercialization of LAE102 for such important indication with a great unmet medical need outside of the cancer therapeutic area.

LAE002 (afuresertib)

LAE002 (afuresertib) is an adenosine triphosphate (ATP) competitive AKT inhibitor. We in-licensed LAE002 (afuresertib) from Novartis in 2018. Prior to our in-licensing, 11 clinical trials had been conducted to demonstrate the safety and efficacy profiles of LAE002 (afuresertib) by Novartis and GSK.

LAE002 (afuresertib) +Fulvestrant in HR+/HER2-breast cancer

According to Frost & Sullivan, the global and China's incidence of breast cancer is expected to increase from 2,301.2 thousand and 336.3 thousand in 2021 to 2,666.4 thousand and 372.4 thousand in 2030, respectively. It is estimated that more than 60% of patients with breast cancer have HR+/HER2- molecular signature in China. The endocrine/anti-estrogen therapies in combination with CDK4/6 inhibitors have emerged as the first- and/or the second-line treatment for patients with HR+/HER2- breast cancer. However, 15% to 20% of patients are intrinsically resistant to the treatment, and another 30% to 40% patients will develop acquired resistance to the treatment over time. HR+/HER2-breast cancer post CDK4/6 inhibitors and endocrine treatments remain as a huge unmet medical need and represent a multi-billion dollar market potential.

We have initiated a Phase Ib trial in China and the U.S. for the treatment of HR+/HER2- LA/mBC with LAE002 (afuresertib), in a combination of a SOC treatment fulvestrant. The results of our Phase Ib study in this combination therapy with 20 patients from the U.S. and China have shown promising anti-cancer efficacy with a well-tolerated safety profile. The data of this study have been presented during a poster spotlight session at the 2023 San Antonio Breast Cancer Symposium (SABCS) in December 2023. We have enrolled 11 additional subjects in this Phase Ib study and further verified the promising anti-cancer efficacy with a well-tolerated safety profile indicated in the earlier stage of the study. The Group plans to present the clinical data of all enrolled patients and the patients with positive biomarker in this Phase Ib study as a poster presentation at ESMO in Barcelona, Spain in September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has commenced the Phase III Clinical Trial AFFIRM-205 in China for LAE002 (afuresertib, an oral AKT inhibitor) plus fulvestrant in patients with PIK3CA/AKT1/PTEN alterations and HR+/HER2-LA/mBC in May 2024, which was ahead of our planned schedule. The Phase III Clinical Trial AFFIRM-205 is a multi-center, randomized, double-blind, placebo-controlled pivotal study to further assess the anti-tumor efficacy and safety of the combination therapy.

LAE002 (afuresertib) +LAE001/prednisone in mCRPC

According to Frost & Sullivan, the global and China's incidence of prostate cancer is expected to increase from 1,451.5 thousand and 120.9 thousand in 2021 to 1,815.1 thousand and 199.3 thousand in 2030, respectively. Patients with prostate cancer that have relapsed after local therapy or that have distant metastasis usually respond to androgen deprivation therapy (ADT). However, despite receiving ADT, most of these patients eventually experience disease progression and develop castration-resistant prostate cancer (CRPC).

We initiated a Phase II multi-regional clinical trial of the study of LAE201 in patients with mCRPC following SOC treatment in the U.S. in June 2021, and South Korea in September 2022. The trial is an open-label, dose-escalation and dose expansion study to assess the efficacy and safety of the combination candidate. The study demonstrated promising treatment benefit for mCRPC patients. As of November 21, 2023, 40 patients who progressed on 1-3 lines of standard treatments, including at least 1 line of abiraterone, or the second generation of AR antagonists, had been enrolled in the recommended Phase II dose group. The median rPFS was 8.1 months. This is a significant improvement compared to the median rPFS of 2 to 4 months of mCRPC patients under the standard treatments historically. The combination therapy was generally tolerable with manageable treatment emergent adverse events and recoverable after routine treatments.

Design of the Phase III pivotal trial of LAE201 in patients with mCRPC following SOC treatment has been discussed with FDA. In May 2024, the Group has obtained approval from FDA for the protocol of this Phase III clinical trial. We plan to pursue strategic partnerships to accelerate the development and commercialization of LAE002 (afuresertib) and LAE001 to address the great unmet medical need for cancer therapies.

LAE002 (afuresertib) +Paclitaxel for PROC (PROFECTA-II)

PROC is broadly defined as ovarian cancer recurrence within six months of completing platinum-based chemotherapy, either in the primary or recurrent setting. PROC is generally associated with low response rates to standard chemotherapy with the ORR of 10% to 15%, and median PFS of 3.5 months only, indicating limited effective treatment options and poor prognosis. Treatment options are limited for PROC. According to Frost & Sullivan, the global and China's incidence of ovarian cancer is expected to increase from 319.8 thousand and 56.2 thousand in 2021 to 374.2 thousand and 62.7 thousand in 2030, respectively.

We have initiated a global MRCT Phase II trial (PROFECTA-II) in both the U.S. and China to treat PROC patients with LAE002 (afuresertib) plus paclitaxel. It was a Phase II, randomized, open-label, active-controlled study evaluating the efficacy and safety of LAE002 (afuresertib) in combination with paclitaxel versus paclitaxel in 150 patients with PROC. In January 2024, we had achieved database lock and announced the top-line data. The study showed reduced risk of disease progression or death (progression-free survival; PFS) with a HR of 0.744 (95% CI: 0.502–1.102) but missed statistical significance. For biomarker subgroup with phospho-AKT positive, IHC>1, (37%), the study data demonstrated that LAE002 (afuresertib) combination arm significantly improved PFS, and the median PFS is 5.4 months vs 2.9 months with HR of 0.352 (95% CI: 0.125–0.997). The trial has shown a manageable and tolerable safety profile and adverse events were consistent with the known safety profiles of the individual treatments. The Group will further discuss with regulatory authorities and target to identify a registration path for PROC patient populations that may benefit from LAE002 (afuresertib).

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, we are actively conducting other clinical trials to further expand the indications of LAE002 (afuresertib) in other cancers. We are collaborating with Innovent Biologics (Suzhou) Co. Ltd. in a combination therapy with sintilimab targeting patients with solid tumors progressed upon prior PD-1/PD-L1 treatments and/or chemotherapy. We have observed high response rate in cervical and endometrial cancer patients who have been treated up to 3 lines of SOCs, including PD-1 drugs and/or chemotherapy. We plan to present LAE002 (afuresertib)+Sintilimab+nab-paclitaxel Phase I clinical study results at the 2024 annual global meeting of the IGCS as an poster presentation in Dublin, Ireland in October 2024.

Subject to the research and development progress of LAE002, it is expected that LAE002 will reach commercialization within next four years.

LAE001

LAE001 is an androgen synthesis inhibitor that inhibits both CYP17A1 and CYP11B2. We in-licensed LAE001 from Novartis in 2017. According to Frost & Sullivan, LAE001 is the only dual CYP17A1/CYP11B2 inhibitor in clinical trials for the treatment of prostate cancer globally. As a dual CYP17A1/CYP11B2 inhibitor, LAE001 can block both androgen and aldosterone synthesis and potentially be administrated without prednisone, the short-term high dose or long-term exposure of which can lead to a variety of adverse events.

We completed a Phase I clinical trial of LAE001 as a monotherapy and a Phase II clinical trial of LAE001 plus LAE002 (afuresertib) in patients with mCRPC to assess the safety and efficacy of the therapies. Design of the Phase III pivotal trial of LAE201 in patients with mCRPC following SOC treatment has been discussed with FDA and approval of the same has been obtained in May 2024. We plan to pursue strategic partnerships to accelerate the development and commercialization of LAE001 to address the unmet medical need for cancer therapies.

Subject to the research and development progress of LAE001, it is expected that LAE001 will reach commercialization within next four years.

LAE005

LAE005 is a high-affinity, ligand-blocking, humanized anti-PD-L1 IgG4 antibody. In the pre-clinical and clinical studies, LAE005 demonstrated its strong binding avidity to PD-L1 and compelling anti-tumor activities. Specifically, we are evaluating the therapeutic potential of the combination therapy of LAE002 (afuresertib) and LAE005 in patients with TNBC. We believe LAE005 has the potential to serve as an effective therapy for the treatment of TNBC when combined with other synergistic mechanisms.

The results of our Phase I trial of the AKT inhibitor LAE002 (afuresertib) in combination with LAE005 (anti-PDL1 mAb) plus nab-paclitaxel for the treatment of triple-negative breast cancer (TNBC) were presented at the 2024 Annual Meeting of the American Association for Cancer Research (AACR) in April 2024. A total of 22 patients with advanced solid tumors were enrolled and dosed in this Phase I study, among which there were 14 TNBC patients who completed at least 2 cycles of treatment and had at least 1 tumor assessment. The median value of previous treatment lines of these 14 patients was 1.5 (0-3). Among the 14 TNBC patients who completed at least 2 cycles of treatment and had at least 1 tumor assessment, five showed confirmed partial response (ORR 35.7%), four had stable disease (28.6%), resulting in a disease control rate (DCR) of 64.3% in the best response assessment. The median duration of response (DOR) was 9.26 months. Five TNBC patients were treated for more than 32 weeks, with one patient reaching a duration of 73 weeks. This case study has been selected for the “Chinese Clinical Case Achievement Database” (with the PFS of this case being 16 months as of September 28, 2023).

CAUTIONARY STATEMENT: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET THE RELEVANT PRODUCTS, OR ANY OF OUR PIPELINE PRODUCTS, SUCCESSFULLY.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

Other Income

Our other income increased by RMB10.9 million or 340.6% from RMB3.2 million for the six months ended June 30, 2023 to RMB14.1 million for the six months ended June 30, 2024, which was primarily attributable to the increase in interest income from bank deposits for the six months ended June 30, 2024.

Other Losses

Our other losses decreased by RMB9.9 million or 100.0% from RMB9.9 million for the six months ended June 30, 2023 to RMB4,000 for the six months ended June 30, 2024, which was primarily attributable to the decrease in net foreign exchange losses.

Administrative Expenses

Our administrative expenses decreased by RMB5.6 million or 15.6% from RMB36.0 million for the six months ended June 30, 2023 to RMB30.4 million for the six months ended June 30, 2024. Such decrease was primarily attributable to the decrease in listing expenses as the Company's shares were successfully listed on the Stock Exchange in June 2023.

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs	**22,732**	19,642
Professional service expenses	**4,609**	3,135
Listing expenses	**–**	10,951
Others	**3,039**	2,237
Total	**30,380**	35,965

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Expenses

Our research and development expenses increased by RMB23.8 million or 23.3% from RMB102.3 million for the six months ended June 30, 2023 to RMB126.1 million for the six months ended June 30, 2024. Such increase was primarily attributable to increased clinical trial milestone payment and clinical development expenses related to Phase III Clinical Trial AFFIRM-205 as first patient enrolled in May 2024.

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Staff costs	**34,580**	37,835
Discovery research expenses	**13,140**	11,214
Clinical development expenses	**54,417**	49,040
Clinical trial milestone payment	**17,758**	–
Others	**6,253**	4,248
Total	**126,148**	102,337

Fair Value Changes on Financial Instruments Issued to Investors

Our fair value changes on financial instruments issued to investors decreased from RMB71.2 million for the six months ended June 30, 2023 to nil for the six months ended June 30, 2024. Fair value changes on financial instruments issued to investors were related to preferred shares. All preferred shares were converted into ordinary shares of the Company upon the completion of the Listing. Thus, no such losses were incurred during the Reporting Period.

Liquidity and Financial Resource

As of June 30, 2024, the current assets of the Group were RMB666.8 million, including cash and cash equivalents of RMB407.3 million, time deposits with an original maturity over three months of RMB249.0 million and other current assets of RMB10.5 million. Among them, the Group's cash and cash equivalents decreased by RMB33.5 million or 7.6% to RMB407.3 million as of June 30, 2024 from RMB440.8 million as of December 31, 2023. The Group's time deposits decreased by RMB89.1 million or 26.4% to RMB249.0 million as of June 30, 2024 from RMB338.1 million as of December 31, 2023. As of June 30, 2024, the current liabilities of the Group were RMB131.6 million, including other payables of RMB72.5 million, interest-bearing bank loans of RMB57.1 million and current lease liabilities of RMB2.0 million.

Our cash and bank balances (including cash and cash equivalents and time deposits) as of June 30, 2024 were RMB656.3 million, of which RMB22.8 million, RMB611.7 million and RMB21.8 million were denominated in RMB, USD, and HKD, respectively representing a decrease of 15.7% as compared to the cash and bank balances (including cash and cash equivalents and time deposits) of RMB778.9 million as of December 31, 2023. The decrease was primarily attributable to the net cash used in operating activities.

MANAGEMENT DISCUSSION AND ANALYSIS

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. We have formulated internal control measures to control our process of investment in wealth management products. Prior to making an investment, we ensure that there remains sufficient working capital for our operations, R&D activities and capital expenditures. For the six months ended June 30, 2024, we funded our operations primarily through equity financing and bank loans. With the continuing expansion of our business and development of new drug candidates, we will use the net proceeds raised from the Global Offering and may require further funding through public or private equity offerings, debt financing and other sources.

Bank Loans

Our bank loans as of June 30, 2024 were RMB57.1 million (December 31, 2023: RMB49.4 million), all of which were denominated in RMB and carried fixed nominal interest rates ranging from 3.30% to 4.10% per annum. There is no material seasonality of borrowing requirements for the Group.

Current ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as of June 30, 2024, was 5.07 (December 31, 2023: 6.58).

Gearing ratio

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

Foreign Currency Risk

We have transactional currency exposures. Certain of our cash and bank balances, time deposits, prepayments, other receivables and other payables are denominated in non-functional currencies and exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

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

Significant Investments Held

As of June 30, 2024, the Group did not hold any significant investments. Save as disclosed in this report, as of June 30, 2024, the Group did not have future plans for material investments and capital assets.

Pledge of Assets

As of June 30, 2024, we did not pledge any of our assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As of June 30, 2024, the Group had 92 employees. The total employee benefit expenses for the six months ended June 30, 2024, including share-based payment expenses, were RMB57.3 million, as compared to RMB57.5 million for the six months ended June 30, 2023.

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

We adopted the Post-IPO Share Option Scheme on June 9, 2023, which was immediately prior to Listing. We further adopted the 2024 Share Award Scheme on June 14, 2024. Each of the schemes constitutes a share scheme governed by Chapter 17 of the Listing Rules.

Material Acquisitions and Disposals

During the Reporting Period, the Group did not have any material acquisition or disposal of its subsidiaries, associates and joint ventures.

Use of Net Proceeds from the Global Offering

On June 29, 2023, 63,728,000 shares of US$0.00001 each were issued at a price of HK$12.41 per share in connection with the Company's listing on the Main Board of the Stock Exchange. The net proceeds of HK$724.4 million from the Global Offering, were used during the Reporting Period, and the unutilized net proceeds are intended to be used, according to the intentions as previously set out in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

The below table sets out the proposed and actual applications of the net proceeds from the Listing Date to June 30, 2024.

Intended use of Net Proceeds	Net Proceeds from the Global Offering *(HK$ million)*	Approximate % of total Net Proceeds	Unutilized Net Proceeds from the Global Offering as of January 1, 2024 *(HK$ million)*	Utilized Net Proceeds during the six months ended June 30, 2024 *(HK$ million)*	Utilized Net Proceeds from the Global Offering as of June 30, 2024 *(HK$ million)*	Unutilized Net Proceeds from the Global Offering as of June 30, 2024 *(HK$ million)*	Expected timeline of full utilization of the unutilized Net Proceeds[(1)]
For rapidly advancing the clinical development and approval of our Core Products, i.e. LAE001 and LAE002 (afuresertib)	407.8	56.3%	337.6	76.6	146.8	261.0	Before December 31, 2025
For accelerating the research and development of other existing pipeline products and continuously advancing and improving our pipeline products	150.7	20.8%	119.6	44.3	75.4	75.3	Before December 31, 2025
For improving our production capabilities and developing our manufacturing capacities	71.7	9.9%	71.2	4.4	4.9	66.8	Before December 31, 2025
For business development activities and enhancing our global reach	55.1	7.6%	48.3	7.4	14.2	40.9	Before December 31, 2025
For working capital and other general corporate purposes	39.1	5.4%	14.6	14.6	39.1	–	

Note:

(1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the future market condition and future development.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE DEVELOPMENT

We will continue to build our product portfolio and advance the development of our existing drug candidates towards commercialization by continuously executing innovative and tailored clinical trial designs for each of our drug candidates and strengthening our relationships with key external parties, including PIs, KOLs, CROs, SMOs, CDMOs, hospitals and others. We expect to achieve and deliver major development milestones for our drug candidates, including LAE102, LAE002 (afuresertib), LAE001, LAE005 and LAE003, to further explore their therapeutic potential.

We will continue to actively explore potential combination therapy opportunities among our pipeline and with existing approved drugs as well as conventional therapies. Our experience in executing and developing combination therapies among our pipeline, such as LAE002 (afuresertib) and LAE001, to treat the second-generation A/AR drug-resistant mCRPC has well demonstrated our ability to unleash the clinical value of our pipeline products. Our LAE002 (afuresertib) combination trial with Fulvestrant has demonstrated great clinical value to treat HR+/HER2- breast cancer patients who have failed previous standard care treatments of endocrine/anti-estrogen therapies, including CDK4/6 inhibitors which represent a big unmet medical need with huge market potential.

Finally, we hope to expand our drug pipeline through our in-house discovery to address a high unmet medical need of broader underserved patients. We are developing multiple innovative drug candidates, including small molecules, bispecific antibodies, and bifunctional NK engagers against cancer cells, activated hepatic stellate cells as well as obesity and metabolic diseases. LAE102 is our internally discovered antibody against ActRIIA. It has been shown in the pre-clinical studies to be a potential drug candidate developed for obesity indication to increase lean mass and decrease fat mass. We submitted IND applications to CDE and FDA respectively in relation to obesity indication in the first quarter of 2024 and obtained the IND approval from FDA and CDE in the second quarter of 2024 respectively. We have commenced clinical trial process after obtaining IND approval and are committed to bringing this precision therapy to obesity patients who are in need of novel treatment options. Blocking Activin-ActRII pathway could promote muscle regeneration and decrease fat mass. LAE103 is an ActRIIB-selective antibody and LAE123 is a dual inhibitor for ActRIIA/IIB. Both of them are our internally discovered antibodies for muscle regeneration indications in the drug candidate pipeline. Our innovative drug candidates are in various stages of drug discovery and development, and we plan to have one drug candidate entering the clinical stage each year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Long Positions in the Company

Name of Director	Nature of Interest	Number of Shares held	Approximate percentage of interest in our Company[1]
Dr. LU Chris Xiangyang ("**Dr. Lu**")	Beneficial interest	32,239,390[2]	8.26%
	Founder of a discretionary trust	20,000,000[2]	5.13%
Ms. XIE Ling (謝玲) ("**Ms. Xie**")	Interest in controlled corporation	7,500,000[3]	1.92%
	Other	34,118,770[3]	8.75%
	Beneficial interest	2,482,750[3]	0.63%
Dr. GU Xiang-Ju Justin ("**Dr. Gu**")	Beneficial interest	6,500,000[4]	1.67%

Notes:

(1) The calculation is based on the total number of 390,100,350 Shares in issue as at June 30, 2024.

(2) Includes (i) Shares held by Dr. Lu beneficially under his own name and underlying Shares under the Share Options granted to him pursuant to the Pre-IPO Share Option Scheme; and (ii) Shares held by the Family Trust of which Dr. Lu is the settlor. Accordingly, Dr. Lu is deemed to be interested in the Shares held by the Family Trust.

(3) Includes (i) Shares held by Ms. Xie through Linbell Technology Holdings Limited, a limited liability company incorporated in the BVI wholly-owned by her; (ii) Shares held by the ESOP Trusts, in which Futu Trustee Limited (trustee of the ESOP Trusts) will exercise its voting rights upon Ms. Xie's instructions under the trust deed. Accordingly, Ms. Xie is deemed to be interested in the Shares held by the ESOP Trusts under the SFO; and (iii) underlying Shares under the Share Options granted to Ms. Xie pursuant to the Pre-IPO Share Option Scheme.

(4) Includes the underlying Shares under the Share Options granted to Dr. Gu pursuant to the Pre-IPO Share Option Scheme.

Save as disclosed above and to the best knowledge of our Directors, as of June 30, 2024, none of the Directors or chief executive 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2024, to the best of the knowledge of the Company and the Directors or the chief executive of our Company, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and 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 of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interests in our Company[1]
OrbiMed Asia Partners III, L.P.[2]	Investment manager	59,774,230	15.32%
OrbiMed Asia GP III, L.P.[2]	Investment manager	59,774,230	15.32%
OrbiMed Advisors III Limited[2]	Investment manager	59,774,230	15.32%
GP Healthcare Capital, Inc.[3]	Beneficial interest	25,000,880	6.41%
GP Healthcare Capital Co., Ltd. (上海金浦醫療健康股權投資基金管理有限公司)[3]	Interest in controlled corporation	32,768,300	8.40%
Shanghai GP Healthcare Equity Investment Enterprise (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥))[3]	Interest in controlled corporation	25,000,880	6.41%
Sino-Italy Ningbo Ecological Park Holding Group Co., Ltd. (中意寧波生態園控股集團有限公司)[4]	Interest in controlled corporation	38,021,000	9.75%
Yuyao Yangming Equity Investment Fund Co., Ltd. (余姚陽明股權投資基金有限公司)[4]	Beneficial interest	38,021,000	9.75%
Futu Trustee Limited[5]	Trustee	34,118,770	8.75%
Laekna Wonderland Limited[5]	Beneficial interest	24,001,530	6.15%
Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥))[6]	Beneficial interest	28,519,030	7.31%
CS Capital Co., Ltd. (國投招商投資管理有限公司)[6]	Interest in controlled corporation	28,519,030	7.31%
Ms. Liu Zeng (劉增) ("**Ms. Liu**")[7]	Interest in controlled corporation	23,233,550	5.96%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interests in our Company[1]
Ningbo Yanchuang Houde Investment Group Co., Ltd. (寧波燕創厚德投資集團有限公司)[7]	Interest in controlled corporation	21,649,050	5.55%
Ningbo Yaoshang Yanchuang Shouren Equity Investment Co., Ltd. (寧波姚商燕創守仁股權投資有限公司)[7]	Interest in controlled corporation	20,114,650	5.16%
Ningbo Yaoshang Yanchuang Private Equity Fund Management Co., Ltd. (寧波姚商燕創私募基金管理有限公司)[7]	Interest in controlled corporation	20,114,650	5.16%
Ealex LLC[8]	Beneficial interest	20,000,000	5.13%

Notes:

(1) The calculation is based on the total number of 390,100,350 Shares in issue as at June 30, 2024.

(2) OrbiMed Asia Partners III, L.P. is a venture capital fund operated by OrbiMed and registered as exempted limited partnerships in the Cayman Islands. The general partner of OrbiMed Asia Partners III, L.P., is OrbiMed Asia GP III, L.P., whose general partner is OrbiMed Advisors III Limited. Accordingly, each of OrbiMed Asia GP III, L.P. and OrbiMed Advisors III Limited is deemed to be interested in the shares held by OrbiMed Asia Partners III, L.P. under the SFO.

(3) GP Healthcare Capital, Inc. is interested in 25,000,880 Shares. GP Healthcare Capital, Inc. is an exempted company incorporated in the Cayman Islands and its sole shareholder is Shanghai GP Healthcare Equity Investment Enterprise (Limited Partnership) (上海金浦醫療健康股權投資合夥企業(有限合夥)), whose general partner is GP Healthcare Capital Co., Ltd. (上海金浦醫療健康股權投資基金管理有限公司).

Further, Shanghai GP Healthcare Phase III Venture Capital Fund Partnership (Limited Partnership) (上海金浦健康三期創業投資基金合夥企業(有限合夥)) (formerly known as Shanghai GP Healthcare Phase III Equity Investment Fund Partnership (Limited Partnership) (上海金浦健康三期股權投資基金合夥企業(有限合夥)) is interested in 7,767,420 Shares. Shanghai GP Healthcare Phase III Venture Capital Fund Partnership (Limited Partnership) is a limited liability partnership established in the PRC and its general partner is GP Healthcare Capital Co., Ltd.. As such, GP Healthcare Capital Co., Ltd. is deemed to be interested in the Shares held by GP Healthcare Capital, Inc. and Shanghai GP Healthcare Phase III Venture Capital Fund Partnership (Limited Partnership).

(4) Yuyao Yangming Equity Investment Fund Co., Ltd. (余姚陽明股權投資基金有限公司) is interested in 38,021,000 Shares, and is wholly-owned by Sino-Italy Ningbo Ecological Park Holding Group Co., Ltd. (中意寧波生態園控股集團有限公司). It is held indirectly as to 86.79% by Sino-Italy Ningbo Ecological Park Administration Committee (中意寧波生態園管理委員會), a subordinate of the Ningbo Municipal People's Government.

(5) Laekna Wonderland Limited is wholly owned by Futu Trustee Limited, the trustee of Laekna Wonderland Trust which was set up to facilitate the administration of the Pre-IPO Share Option Scheme.

(6) Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥) ("**FIIF**") is interested in 28,519,030 Shares, and the general partner of FIIF is CS Capital Co., Ltd. (國投招商投資管理有限公司).

CORPORATE GOVERNANCE AND OTHER INFORMATION

(7) Ningbo Yaoshang Yanchuang Private Equity Fund Management Co., Ltd. (寧波姚商燕創私募基金管理有限公司) ("**Yaoshang Yanchuang**") is the general partner of Ningbo Yanyuan Innovation Venture Capital Investment Partnership (LP) (寧波燕園創新創業投資合夥企業(有限合夥)), Ningbo Rongshun Yanyuan Venture Capital Investment Partnership (LP) (寧波榮舜燕園創業投資合夥企業(有限合夥)), Ningbo Yaoshang Yanchuang Chenkai Venture Capital Partnership (Limited Partnership) (寧波姚商燕創宸凱股權投資合夥企業(有限合夥)), Ningbo Yanchuang Yaoshang Yangming Venture Capital Investment Partnership (LP) (寧波燕創姚商陽明創業投資合夥企業(有限合夥)) and Ningbo Yanchuang Borong Venture Capital Partnership (Limited Partnership) (寧波燕創勃榮創業投資合夥企業(有限合夥)) ("**Yanchuang Borong**"). Yaoshang Yanchuang owns 45% interests in Hangzhou Yanyuan Fangrong Investment Management Co., Ltd. (杭州燕園方融投資管理有限公司) ("**Yanyuan Fangrong**"), and Yanyuan Fangrong is the general partner of Jiangsu Yanyuan Oriental Venture Capital Investment Partnership (LP) (江蘇燕園東方創業投資合夥企業(有限合夥)). Yaoshang Yanchuang is wholly owned by Ningbo Yaoshang Yanchuang Shouren Equity Investment Co., Ltd. (寧波姚商燕創守仁股權投資有限公司) ("**Yanchuang Shouren**"). Yanchuang Shouren is the general partner of Yanchuang Borong. Ningbo Yanchuang Houde Investment Group Co., Ltd. (寧波燕創厚德投資集團有限公司) ("**Yanchuang Houde**") holds 58.77% of interests of Yanchuang Shouren. Ms. Liu holds 90% of interests of Yanchuang Houde and 95.05% of interests of Shanghai Yanchuang Deheng Private Equity Fund Management Co., Ltd. (上海燕創德恒私募基金管理有限公司) ("**Yanchuang Deheng**"). Yanchuang Deheng is the general partner of Ningbo Yanchuang Xiangshang Venture Capital Partnership (Limited Partnership) (寧波燕創象商創業投資合夥企業(有限合夥)). Yanchuang Future (BVI) Limited ("**YF BVI**") is wholly owned by Ms. Liu, and YF BVI owns 100% interests in Yanchung Future Cayman Corp. ("**YF Cayman**"). YF Cayman is the general partner of Yanchuang Biotech Investment L.P..

(8) Ealex LLC is a family trust set up by Dr. Lu as the settlor, which is in turn wholly-owned by The Bryn Mawr Trust Company of Delaware as the trustee.

Save as disclosed above and to the best knowledge of our Directors, as at June 30, 2024, no person (other than the Directors and chief executive of the Company) had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the Reporting Period and up to the date of this report, none of the Company or any of its subsidiaries were a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SHARE INCENTIVE PLANS

Pre-IPO Share Option Scheme

We adopted the Pre-IPO Share Option Scheme on April 11, 2018, and amended it on October 30, 2019, April 20, 2021 and March 31, 2022. The scheme is not subject to Chapter 17 of the Listing Rules and will not involve the grant of options by our Company to subscribe for new Shares after Listing. As at the date of this report, nil Shares underlying the Share Options are available for issue under the Pre-IPO Share Option Scheme. Upon Listing, we have not made and will not make any new grants of options under the Pre-IPO Share Option Scheme. As such, no Share Option was available for grant at the beginning of the Reporting Period, and no Share Option remain available for grant under the Pre-IPO Share Option Scheme as of June 30, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at June 30, 2024, the number of Share Options outstanding under the Pre-IPO Share Option Scheme is 33,618,520.

1. Summary of Terms

(a) Purpose

The purpose of the Pre-IPO Share Option Scheme is to incentivize and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) Eligible Participants

We may grant Share Options to employees, officers, directors, contractors, advisors or consultants of the Group (the "**Eligible Participant(s)**").

(c) Maximum Number of Shares

There will be no more new grants of awards under the Pre-IPO Share Option Scheme upon the Listing. The maximum aggregate number of Shares in respect of the Share Options which may be issued pursuant to the Pre-IPO Share Option Scheme shall not exceed 56,999,430 Shares (subject to adjustment to reflect any rights issue, consolidation, share splits, or similar transactions).

(d) Maximum Entitlement of a Participant

No Eligible Participant shall be granted in aggregate Share Options which exceeds ten percent (10%) of the aggregate number of Shares for the time being issued and issuable under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Option Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

(e) Exercise Period

Except as otherwise provided in an offer letter, any Share Option shall become exercisable upon vesting until the tenth anniversary of the adoption date thereof. Notwithstanding the foregoing, the exercise shall be conditional upon full compliance of the grantee and the Company with all applicable laws and regulations. In the event the grantee ceases to be an employee by reason of his/her death, disability or for any other reason that the Board or the Administrator considers valid, before exercising the Share Option in full, the grantee's vested Share Option may be assigned to its representative (to the extent not already exercised).

(f) Vesting Schedule

Unless otherwise approved by the Administrator and set forth in an offer letter, the vesting schedule of the Share Options granted shall be a 60-month vesting schedule consisting of a cliff vesting of forty percent (40%) after twenty-four (24) months from the commencement date as indicated in the offer letter and, thereafter, quarterly vesting of equal installments over the remaining twelve (12) quarters.

(g) Duration and Remaining Life

The Pre-IPO Share Option Scheme shall automatically terminate on the expiration of the 10-year period measured from the date the Pre-IPO Share Option Scheme was adopted by the Board. Therefore, as at the date of this report, the remaining life of the Pre-IPO Share Option Scheme was approximately three years and seven months.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(h) Exercise Price

The exercise price of the Share Options granted shall be approved by the Administrator from time to time and shall be set out in the offer letter. The basis of determining the exercise price is, among others, service term and work performance.

(i) Amount Payable on Application or Acceptance of the Option

No cash consideration was paid by the grantees for the outstanding options granted.

2. Options Granted

Movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the Reporting Period are set out below:

Name or category of grantee	Outstanding as at January 1, 2024	Granted during the Reporting Period[1]	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period[2]	Outstanding as at the end of the Reporting Period	Date of Grant	Exercise price (US$ per share)	Vesting period	Exercise period
Dr. Lu	2,635,520	–	–	–	–	2,635,520	February 15, 2023	0.452	Note 3	Note 6
Ms. Xie	2,482,750	–	–	–	–	2,482,750	March 1, 2021, June 15, 2021, and March 31, 2022	0.05	Note 3	Note 6
Dr. Gu	5,500,000	–	–	–	–	5,500,000	January 4, 2020, March 2, 2020, and June 15, 2021	0.234	Note 3	Note 6
	1,000,000	–	–	–	–	1,000,000	March 31, 2022 and February 15, 2023	0.452	Note 3	Note 6
Subtotal	**11,618,270**	**–**	**–**	**–**	**–**	**11,618,270**				
CONSULTANTS										
Four consultants and two former consultants of the Group	252,500	–	–	–	–	252,500	July 16, 2018, March 31, 2022, and October 1, 2022	0.234, 0.452	Note 4	Note 6
Subtotal	**252,500**	**–**	**–**	**–**	**–**	**252,500**				
Other grantees (including 77 employees and 11 former employees)[7]	22,085,750	–	338,000	–	–	21,747,750	April 11, 2018 to January 31, 2023	0.03 to 0.452	Note 5	Note 6

Notes:

(1) Closing price of Shares immediately before the date on which the Share Options were granted and the fair value of Share Options at the date of grant are not applicable as no Share Option was granted during the Reporting Period. No grant was made under the Pre-IPO Share Option Scheme which requires review by the Remuneration Committee during the Reporting Period.

(2) Weighted average closing price of the Shares immediately before the dates on which the Share Options were exercised is not applicable as no Share Option was exercised.

(3) The vesting schedule for these Share Options is: (i) 40% to be vested two years from the commencement date as indicated in the relevant offer letters signed between the grantees and the Company (the "**Vesting Commencement Date**"); and (ii) 5% to be vested every quarter thereafter.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(4) Among the 252,500 Share Options to the external consultants of our Group, the vesting schedule for 50,000 Share Options is: (i) 40% to be vested two years from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter; and the vesting schedule for 202,500 Share Options is: (i) 20% to be vested one year from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter.

(5) Among the 21,747,750 Share Options to other grantees, the vesting schedule for 13,611,750 Share Options is: (i) 40% to be vested two years from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter; and the vesting schedule for 8,136,000 Share Options is: (i) 20% to be vested one year from the Vesting Commencement Date; and (ii) 5% to be vested every quarter thereafter.

(6) All the Share Options granted are exercisable upon vesting and after the Listing of the Shares unless otherwise approved by the Board, and will expire on or before the latter of (i) the third anniversary after the Listing Date, and (ii) the tenth anniversary after the Vesting Commencement Date.

(7) Eleven former employees were granted and have vested Share Options to subscribe for an aggregate of 607,750 Shares during the period when they were employed by the Group.

(8) All of the grants under the Pre-IPO Share Option Scheme were made without any performance targets.

Post-IPO Share Schemes

We adopted the Post-IPO Share Option Scheme on June 9, 2023, which was immediately prior to Listing. We further adopted the 2024 Share Award Scheme on June 14, 2024. Each of the schemes constitutes a share scheme governed by Chapter 17 of the Listing Rules.

The number of Share Options available for grant under the Post-IPO Share Option Scheme at the beginning and at the end of the Reporting Period was 39,010,035 and 39,010,035, respectively, representing 10% and 10% of the total number of Shares in issue as of June 30, 2024. The number of awards available for grant under the 2024 Share Award Scheme at the beginning of the Reporting Period is not applicable as the 2024 Share Award Scheme was adopted after the beginning of the Report Period. The number of awards available for grant under the 2024 Share Award Scheme at the end of the Reporting Period is 39,010,035, representing 10% of the total number of Shares in issue as of June 30, 2024. As at the date of this report, 39,010,035 Shares are available for issue under the Post-IPO Share Schemes, representing 10% of the total number of Shares in issue as at the date of this report.

No Share Options or awards were granted under the Post-IPO Share Schemes. Accordingly, no grant of Share Options or awards was made under the Post-IPO Share Schemes during the Reporting Period which requires review by the Remuneration Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Terms of the Post-IPO Share Option Scheme

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to incentivize and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) Eligible Participants

We may grant Share Options to (a) an employee (whether full time or part-time) or a director of the Company or any of its subsidiaries and (b) a consultant who provides services to the Group (such as in respect of research and development, product commercialization, marketing and investor relations in investment environment of the Group) on a continuing and recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group.

(c) Maximum Number of Shares

Scheme mandate limit
The total number of Shares which may be issued upon exercise of all options and awards to be granted under the share scheme(s) adopted by the Company involving issue of new Shares (the "**Awards**") shall not in aggregate exceed 39,010,035 Shares, which also represents 10% of the issued Shares as at the end of the Reporting Period.

Eligible consultant sublimit
The total number of Shares which may be issued upon exercise of all Awards to be granted to eligible consultants shall not exceed 3,901,003 Shares.

The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17 of the Listing Rules.

(d) Maximum Entitlement of a Participant

Except with the approval of Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting, no option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of all Awards granted to such person in any 12-month period up to and including the date of the latest grant exceeds 1% of the Shares in issue from time to time.

(e) Exercise Period

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Administrator to each grantee, which may commence on any day after the date upon which the offer for the grant of options is accepted or deemed to be accepted but shall end in any event not later than 10 years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Share Option Scheme or the relevant document of grant or other notification issued by the Administrator. In any event, the minimum period for which an option must be held before it can be exercised shall be 12 months subject to a shorter vesting period otherwise permitted under the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(f) Vesting Period

The vesting period shall be determined by the Administrator thereof in an offer letter from time to time, subject to any acceleration of the vesting schedule at the Administrator's discretion, provided that any acceleration shall be subject to the minimum vesting period of 12 months, as well as a shorter vesting period as permitted under the Listing Rules.

(g) Duration and Remaining Life

The Post-IPO Share Option Scheme shall automatically terminate on the expiration of the 10-year period measured from the Listing Date. Therefore, as at the date of this report, the remaining life of the Post-IPO Share Option Scheme was approximately eight years and nine months.

(h) Subscription Price

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Administrator and notified to any eligible participant, which shall be not less than the highest of: (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is offered to the participant, which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option is offered to the participant.

(i) Amount Payable on Application or Acceptance of the Option

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the option duly signed by the grantee together with a payment to the Company and/or any of its subsidiaries of HK$1 (or the equivalent of HK$1 in the local currency of any jurisdiction where the Company and/or its subsidiaries operate, as the Administrator thereof may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within 28 days after the date on which an option is offered to the grantee, or the time period specified in the offer of the grant of the option. Such remittance shall not be refundable.

2. Terms of the 2024 Share Award Scheme

(a) Purpose

The purpose of the 2024 Share Award Scheme is to attract and retain participants whose contributions are important to the long-term growth and success of the Group, to recognize and reward participants for their past contribution to the Group, to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The 2024 Share Award Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to participants.

(b) Duration and Remaining Life

The 2024 Share Award Scheme shall be valid and effective for ten years commencing on the adoption date (i.e. June 14, 2024) (the "**Adoption Date**"). Therefore, the remaining life of the 2024 Share Award Scheme was approximately nine years and ten months.

(c) Eligibility

The participants who may be selected are any individual or corporate entity (as the case may be), being any of (i) employee participant(s); or (ii) service provider(s) as defined in the 2024 Share Award Scheme, who the Administrator considers, in its sole discretion, have contributed or will contribute to the Group. For details of the factors in assessing the eligibility of the participants that the Administrator will consider, please refer to the announcement of the Company dated May 21, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(d) Maximum Entitlement of a Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued in respect of all Awards granted to each participant in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares) (the "**Individual Limit**"). Where any grant of awards under the 2024 Share Award Scheme to a participant would result in the aggregate number of Shares issued and to be issued in respect of all Awards granted to such participant (excluding any Awards lapsed in accordance with the terms of the share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding such Individual Limit, such grant shall be subject to separate approval of the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person of the Company) abstaining from voting.

In addition, subject to the Individual Limit, where any grant of awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards granted (excluding grant of options) under the 2024 Share Award Scheme and any other share scheme(s) of the Company (excluding awards lapsed in accordance with relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue as at the date of grant (excluding treasury shares), such further grant of awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting with the grantees, their associates and all core connected persons (as defined under the Listing Rules) of the Company abstaining from voting in favour. Where any grant of Awards to an independent non-executive Director or substantial Shareholder of the Company or any of their respective associates would result in the number of Shares issued and to be issued in respect of all Awards granted under the share scheme(s) of the Company (excluding Awards lapsed in accordance with the relevant schemes) to such person in the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the total number of Shares in issue as at the date of grant (excluding treasury shares), such further grant of Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting with the grantees, their associates and all core connected persons (as defined under the Listing Rules) of the Company abstaining from voting in favour.

(e) Maximum number of Shares

The total number of Shares which may be issued in respect of all Awards that may be granted under the share scheme(s) adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (excluding treasury shares), being 39,010,035 Shares (the "**Scheme Mandate Limit**"), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Awards that may be granted under the share scheme(s) of the Company to each participant who is a service provider must not in aggregate exceed 3,901,003 Shares, representing 1% of the total number of Shares in issue as at the Adoption Date (excluding treasury shares) (the "**Service Provider Sublimit**"). Awards which have lapsed in accordance with the terms of the share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit or the Service Provider Sublimit.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(f) *Purchase Price*

Unless otherwise determined by the Administrator at its sole discretion or as required by applicable law in respect of the purchase price (if any) of any particular award on a case-by-case basis which shall be stated in the offer documentation, the grantee is not required to pay any purchase price to the Company to purchase any restricted share unit underlying an award granted under the 2024 Share Award Scheme. The grantee is not required to pay any consideration to the Company on acceptance of an offer.

(g) *Vesting of Awards*

The Administrator may determine the vesting period of the awards, provided that the vesting period in respect of any award shall be no less than 12 months from (and including) the date of the grant, except with respect to awards granted to an employee participant, for which a shorter vesting period may be permitted under specified circumstances pursuant to the 2024 Share Award Scheme. According to the 2024 Share Award Scheme, upon vesting of the awards granted to the grantee, such awards shall be satisfied by (i) existing Shares as may be purchased by the relevant trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued (or treasury shares to be transferred) to the grantee directly or (iii) payment to the grantee of an amount equivalent to the market value of the Shares underlying the awards in cash.

Given that during the Reporting Period, the Company (i) did not grant any Share Options or awards under the Post-IPO Share Schemes, and (ii) all the Shares underlying the Share Options granted under Pre-IPO Share Option Scheme have been allotted and issued and are held by the ESOP Trusts, no new Shares will be issued in respect of any Share Options or awards granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Schemes during the six months ended June 30, 2024. As such, the number of Shares that may be issued in respect of any Share Options or awards granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Schemes during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is 0.

CHANGE IN DIRECTOR'S BIOGRAPHICAL DETAILS UNDER RULE 13.51(B) OF THE LISTING RULES

Dr. WANG David Guowei resigned as a director of Gracell Biotechnologies Inc., a company listed on NASDAQ Global Market (stock code: GRCL) in February 2024.

Dr. Li Min resigned as an independent director of Adagene Inc., a company listed on NASDAQ Global Market (stock code: ADAG) in April 2024.

Save as disclosed above, as at the date of this report, there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. LU Chris Xiangyang ("**Dr. Lu**") has served as our chairman since May 2018 and Chief Executive Officer since April 2017. Dr. Lu is the founder of our Group and has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned, Dr. Lu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of chairman and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee currently consists of two independent non-executive Directors being Mr. ZHOU Jian and Dr. LI Min, and one non-executive Director being Dr. WANG David Guowei. The chairperson of the Audit Committee is Mr. ZHOU Jian. Mr. ZHOU Jian holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing rules.

The Audit Committee had reviewed, together with the management, this interim report and the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial information of the Group for the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

In addition, the Company's independent auditor, KPMG, has performed an independent review of the Group's interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of interim financial information performed by the independent auditor of the entity*" issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report and as at the date of this report, there were no material subsequent events after the Reporting Period.

INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend to the Shareholders for the Reporting Period.

On behalf of the Board
Laekna, Inc.
Dr. LU Chris Xiangyang
Chairman and executive Director
Hong Kong, August 16, 2024

INDEPENDENT REVIEW REPORT

Review report to the board of directors of Laekna, Inc.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 36 to 50 which comprises the consolidated statement of financial position of Laekna, Inc. (the "Company") as of 30 June 2024 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
Other income	4	**14,149**	3,243
Other losses		**(4)**	(9,928)
Administrative expenses		**(30,380)**	(35,965)
Research and development expenses		**(126,148)**	(102,337)
Loss from operations		**(142,383)**	(144,987)
Finance costs	5(a)	**(1,323)**	(788)
Fair value changes on financial instruments issued to investors	17(a)	**–**	(71,210)
Loss before taxation	5	**(143,706)**	(216,985)
Income tax	6	**–**	–
Loss for the period		**(143,706)**	(216,985)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**11,962**	(40,350)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries		**(6,804)**	(28,424)
Total comprehensive income for the period		**(138,548)**	(285,759)
Loss per share	7		
Basic and diluted (RMB)		**(0.40)**	(2.63)

The notes on pages 40 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment		**3,842**	4,506
Intangible assets	8	**123,946**	124,229
Right-of-use assets		**5,642**	6,510
Other non-current assets	9	**15,245**	9,009
		148,675	144,254
Current assets			
Prepayments and other receivables	10	**10,513**	9,114
Time deposits	11	**248,970**	338,120
Cash and cash equivalents	12	**407,331**	440,815
		666,814	788,049
Current liabilities			
Bank loans	13	**57,090**	49,400
Other payables	14	**72,484**	68,445
Lease liabilities		**2,005**	1,917
		131,579	119,762
Net current assets		**535,235**	668,287
Total assets less current liabilities		**683,910**	812,541
Non-current liabilities			
Lease liabilities		**4,189**	5,069
Deferred income		**3,500**	3,500
		7,689	8,569
NET ASSETS		**676,221**	803,972
CAPITAL AND RESERVES	16		
Share capital		**27**	27
Treasury shares		**(2)**	(2)
Reserves		**676,196**	803,947
TOTAL EQUITY		**676,221**	803,972

Approved and authorised for issue by the board of directors on 16 August 2024.

LU Chris Xiangyang

Directors

XIE Ling

The notes on pages 40 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 — unaudited

	Note	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Total (deficit)/ equity *RMB'000*
Balance at 1 January 2023		5	–	93,207	48,007	(78,578)	(1,967,727)	(1,905,086)
Changes in equity for the six months ended 30 June 2023								
Loss for the period		–	–	–	–	–	(216,985)	(216,985)
Other comprehensive income		–	–	–	–	(68,774)	–	(68,774)
Total comprehensive income		–	–	–	–	(68,774)	(216,985)	(285,759)
Equity settled share-based payment	15	–	–	–	13,326	–	–	13,326
Shares issued to trusts under share option scheme	16(a)	2	(2)	–	–	–	–	–
Shares issued through initial public offering, net of issuance costs	16(a)	5	–	704,594	–	–	–	704,599
Conversion of preferred shares into ordinary shares	16(a)	15	–	2,434,825	–	–	–	2,434,840
Balance at 30 June 2023 and 1 July 2023		27	(2)	3,232,626	61,333	(147,352)	(2,184,712)	961,920
Changes in equity for the six months ended 31 December 2023								
Loss for the period		–	–	–	–	–	(151,829)	(151,829)
Other comprehensive income		–	–	–	–	(21,086)	–	(21,086)
Total comprehensive income		–	–	–	–	(21,086)	(151,829)	(172,915)
Equity settled share-based payment	15	–	–	–	14,967	–	–	14,967
Balance at 31 December 2023		27	(2)	3,232,626	76,300	(168,438)	(2,336,541)	803,972

	Note	**Share capital** ***RMB'000***	**Treasury shares** ***RMB'000***	**Share premium** ***RMB'000***	**Capital reserve** ***RMB'000***	**Exchange reserve** ***RMB'000***	**Accumulated losses** ***RMB'000***	**Total equity** ***RMB'000***
Balance at 1 January 2024		27	(2)	3,232,626	76,300	(168,438)	(2,336,541)	803,972
Changes in equity for the six months ended 30 June 2024								
Loss for the period		–	–	–	–	–	(143,706)	(143,706)
Other comprehensive income		–	–	–	–	5,158	–	5,158
Total comprehensive income		–	–	–	–	5,158	(143,706)	(138,548)
Equity settled share-based payment	15	–	–	–	10,797	–	–	10,797
Balance at 30 June 2024		27	(2)	3,232,626	87,097	(163,280)	(2,480,247)	676,221

The notes on pages 40 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 — unaudited

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Operating activities		
Cash used in operations	**(143,382)**	(155,769)
Net cash used in operating activities	**(143,382)**	(155,769)
Investing activities		
Payment for purchase of property, plant and equipment	**(245)**	(101)
Proceeds from sale of property, plant and equipment	**4**	–
Payment for purchase of intangible assets	**(392)**	–
Decrease in time deposits with original maturity over three months	**89,150**	–
Interest received from bank deposits	**13,318**	2,973
Payment for purchase of wealth management products	**–**	(71,349)
Net cash generated from/(used in) investing activities	**101,835**	(68,477)
Financing activities		
Proceeds from bank loans	**42,290**	29,800
Repayment of bank loans	**(34,600)**	(9,932)
Interest paid for bank loans	**(1,167)**	(595)
Proceeds from issuance of ordinary shares through initial public offering, net of issuance costs	**–**	714,281
Payment for capital element of lease liabilities	**(792)**	(749)
Payment for interest element of lease liabilities	**(156)**	(193)
Net cash generated from financing activities	**5,575**	732,612
Net (decrease)/increase in cash and cash equivalents	**(35,972)**	508,366
Cash and cash equivalents at 1 January	**440,815**	323,070
Effect of foreign exchange rate changes	**2,488**	5,710
Cash and cash equivalents at 30 June	**407,331**	837,146

The notes on pages 40 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Laekna, Inc. (the "Company") was incorporated in the Cayman Islands on 29 July 2016 as an exempted company with limited liability under the law of the Cayman Islands.

The Company is an investing holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in discovering, development and commercialising innovative therapies for cancer, metabolic diseases and liver fibrosis in the People's Republic of China (the "PRC"), the United States of America (the "USA") and South Korea.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing") on 29 June 2023.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 16 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 35.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest income from bank deposits	**13,318**	2,973
Net unrealised and realised gain on wealth management products	**–**	51
Government grants	**406**	219
Net foreign exchange gains	**425**	–
	14,149	3,243

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**1,167**	595
Interest on lease liabilities	**156**	193
	1,323	788

(b) Staff costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**43,935**	41,653
Contributions to defined contribution retirement plan	**2,580**	2,498
Equity settled share-based payment expenses	**10,797**	13,326
	57,312	57,477

(c) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Amortisation of intangible assets	**1,035**	922
Depreciation charge		
— property, plant and equipment	**708**	840
— right-of-use assets	**868**	868
	1,576	1,708
Listing expenses	**–**	10,951
Research and development expenses (i)	**126,148**	102,337
Net foreign exchange (gains)/losses	**(425)**	7,803

(i) During the six months ended 30 June 2024 and 2023, research and development expenses included staff costs, depreciation and amortisation expenses of RMB36,992,000 and RMB40,251,000 respectively, in which the respective amounts are also disclosed separately above.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

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

(i) The Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Company is currently not subject to income tax.

(ii) Hong Kong, China

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profits tax had been made for the six months ended 30 June 2024 and 2023 as there were no assessable profits.

(iii) The USA

The Company's subsidiary incorporated in the USA is subject to Federal Tax at a rate of 21% and State Profits Tax at a rate of 0.75%–9.50%. Operations in the USA have incurred net accumulated operating losses for income tax purposes, and no income tax provisions had been made for the six months ended 30 June 2024 and 2023.

(iv) Chinese Mainland

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the "CIT"), the Company's Chinese Mainland subsidiaries are subject to the CIT at a rate of 25%.

According to the new tax incentive policies promulgated by the State Tax Bureau of Chinese Mainland in March 2023, effective from 1 January 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income.

7 LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2024 is based on the loss attributable to ordinary equity shareholders of the Company of RMB143,706,000 (six months ended 30 June 2023: RMB216,985,000) and the weighted average of 355,981,000 ordinary shares (six months ended 30 June 2023: 82,489,000 shares) in issue during the interim period.

The calculation of diluted loss per share for the six months ended 30 June 2024 and 2023 has not included the potential effects of share options issued by the Company, 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

8 INTANGIBLE ASSETS

	In-licensed rights *RMB'000*	Software *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2024	**120,711**	**6,602**	**127,313**
Exchange adjustments	**752**	**–**	**752**
At 30 June 2024	**121,463**	**6,602**	**128,065**
Accumulated amortisation:			
At 1 January 2024	**–**	**(3,084)**	**(3,084)**
Charge for the period	**–**	**(1,035)**	**(1,035)**
At 30 June 2024	**–**	**(4,119)**	**(4,119)**
Net book value:			
At 30 June 2024	**121,463**	**2,483**	**123,946**
At 1 January 2024	**120,711**	**3,518**	**124,229**
Cost:			
At 1 January 2023	118,698	6,153	124,851
Exchange adjustments	4,451	–	4,451
At 30 June 2023	123,149	6,153	129,302
Accumulated amortisation:			
At 1 January 2023	–	(1,220)	(1,220)
Charge for the period	–	(922)	(922)
At 30 June 2023	–	(2,142)	(2,142)
Net book value:			
At 30 June 2023	123,149	4,011	127,160
At 1 January 2023	118,698	4,933	123,631

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

8 INTANGIBLE ASSETS (Continued)

(a) In-licensed rights

The balance of in-licensed rights represents payments made to acquire development and commercialisation rights of drug products from third parties and are not ready for commercial use. Due to the inherent uncertainties in the research and development processes, these assets are particularly at risk of impairment if the projects are not expected to result in commercialised products. Key terms of these licenses are set out below:

(i) LAE001

On 30 June 2017, the Group entered into a license agreement with Novartis, pursuant to which Novartis Pharma AG ("Novartis") granted the Group an exclusive license to develop, manufacture and commercialise the licensed product LAE001 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD1 million (equivalent to RMB6.6 million) and granted 776,437 ordinary shares of the Company to Novartis (equaling to 7,764,370 shares after adjusting for the effect of the share subdivision upon the Listing). The Group capitalised an amount of USD1.8 million (equivalent to RMB12.2 million) in total. The Group also agreed to make regulatory milestone payments, as well as royalty payments on net sales to Novartis.

(ii) LAE002 & LAE003

On 9 May 2018, the Group entered into a license agreement with Novartis, pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the licensed products LAE002 and LAE003 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD5 million (equivalent to RMB31.9 million) and granted 165,200 ordinary shares of the Company to Novartis (equaling to 1,652,000 shares after adjusting for the effect of the share subdivision upon the Listing). The Group capitalised an amount of USD5.2 million (equivalent to RMB33.5 million) in total. The Group also agreed to make clinical trial milestone payments, regulatory milestone payments, sales milestone payments, as well as royalty payments on net sales to Novartis.

(iii) LAE005

On 4 February 2020, the Group entered into a license agreement with Novartis, pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the products LAE005 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD10 million (equivalent to RMB69.4 million) to Novartis and capitalised such payment. The Group also agreed to make clinical trial milestone payments, regulatory milestone payments, sales milestone payments, as well as royalty payments on net sales to Novartis.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

9 OTHER NON-CURRENT ASSETS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Value-add tax recoverable	**8,583**	6,494
Prepayments for equipment	**1,754**	1,754
Long-term rental deposits	**4,615**	615
Others	**293**	146
	15,245	9,009

10 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayments to suppliers	**9,427**	8,015
Other debtors and deposits	**1,086**	1,099
	10,513	9,114

11 TIME DEPOSITS

As at 30 June 2024, time deposits of RMB248,970,000 (2023: RMB338,120,000) in the consolidated statement of financial position represented bank deposits with original maturity over three months.

12 CASH AND CASH EQUIVALENTS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at banks	**290,398**	171,626
Deposits with banks	**116,933**	269,189
	407,331	440,815

As at 30 June 2024, cash and cash equivalents of the Group situated in Chinese Mainland amounted to RMB377,091,000 (2023: RMB207,172,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

13 BANK LOANS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Unsecured bank loans due within 1 year	**57,090**	49,400

As at 30 June 2024, unsecured bank loans carried interest at annual rates ranging from 3.30% to 4.10% (2023: 3.40% to 4.35%) per annum and were all repayable within one year.

14 OTHER PAYABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Payroll payables	**800**	14,279
Accrued research and development expenses	**64,634**	42,939
Other payables and accrued charges	**7,050**	11,227
	72,484	68,445

15 EQUITY SETTLED SHARE-BASED PAYMENT

The Company adopted an employee share option scheme ("Pre-IPO Share Option Scheme") on 11 April 2018 (which was subsequently amended on 30 October 2019, 20 April 2021 and 31 March 2022), pursuant to which, 42,453,520 ordinary shares (after adjusting for the effect of the share subdivision) of the Company are authorised for issuance of share options to employees, directors, and advisors of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

The Company further adopted a post-IPO share award scheme ("Share Award Scheme"), as approved by the resolution of shareholders on 14 June 2024, pursuant to which, maximum number of 39,010,035 ordinary shares are authorised for issuance of restricted share units ("RSUs") to employees, directors, and service providers of the Group. The Share Award Scheme shall be effective for 10 years commencing on 14 June 2024. During the six months ended 30 June 2024, no RSUs were granted by the Company under the Share Award Scheme.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

15 EQUITY SETTLED SHARE-BASED PAYMENT (Continued)

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Contractual life of options
Options granted to directors	11,618,270	10 years
Options granted to employees	21,747,750	10 years
Options granted to advisors	252,500	10 years
Total share options granted	33,618,520	

Unless otherwise approved by the Board of Directors, the Company adopted two vesting conditions for the above share options granted:

(i) 20% of the share options are expected to vest after twelve months of the grant date, and the remaining are expected to vest ratably over the following sixteen quarters; or

(ii) 40% of the share options are expected to vest after twenty-four months of the grant date, and the remaining are expected to vest ratably over the following twelve quarters.

(b) The movement of the number of share options are as follows:

	Six months ended 30 June	
	2024	2023
	'000	*'000*
Outstanding at the beginning of the period	**33,957**	2,954
Effect of the share subdivision	**–**	26,589
Granted during the period	**–**	4,576
Forfeited during the period	**(338)**	–
Outstanding at the end of the period	**33,619**	34,119
Exercisable at the end of the period	**21,980**	–

All the share options granted are exercisable upon vesting and after the occurrence of an initial public offering ("IPO") of the Company's shares unless otherwise approved by the Board of Directors, and will expire on or before the latter of (1) the third anniversary after the aforementioned occurrence of IPO, and (2) the tenth anniversary after the commencement date as indicated in the relevant offer letters signed between the grantees and the Company. The share options outstanding at 30 June 2024 had an weighted average exercise price of USD0.18 (2023: USD0.18), and an weighted average remaining contractual life of 6.3 years (2023: 6.8 years).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital and share premium

As at 30 June 2024, the authorised share capital of the Company was USD50,000 divided into 5,000,000,000 ordinary shares with par value of USD0.00001 each.

Details of the movement of the issued and fully paid share capital of the Company are as follows:

	No. of shares *'000*	Share capital *RMB'000*	Treasury shares *RMB'000*
Ordinary shares, issued and fully paid:			
At 1 January 2023	7,942	5	–
Effect of the share subdivision (i)	71,474	–	–
Shares issued to trusts under share option scheme (ii)	34,119	2	(2)
Share issued upon the completion of initial public offering, net of transaction costs (iii)	63,728	5	–
Conversion of preferred shares into ordinary shares (iv)	212,837	15	–
At 30 June 2023, 1 January 2024 and 30 June 2024	390,100	27	(2)

(i) Pursuant to a board resolution dated 9 June 2023, each share in the Company's issued and unissued share capital with a par value of USD0.0001 was subdivided into 10 shares of the corresponding class with a par value of USD0.00001 each.

(ii) Pursuant to a board resolution dated 12 June 2023, 34,118,770 ordinary shares (after adjusting for the effect of the share subdivision) were allotted and issued to Laekna Halley Trust and Laekna Wonderland Trust under share option scheme. The shares held in the trusts are accounted for as treasury shares of the Company.

(iii) On 29 June 2023, the Company issued 63,728,000 ordinary shares at an offer price of HK$12.41 per share through the Listing. Net proceeds from the Listing amounted to RMB704,599,000 equivalent, after deducting all capitalised listing expenses. Out of the net proceeds, RMB5,000 and RMB704,594,000 were credited to the Company's share capital and share premium account, respectively.

(iv) Upon the completion of the Listing, 21,283,721 preferred shares were converted into 212,837,210 ordinary shares of the Company in aggregate (after adjusting for the effect of the share subdivision), resulting in a transfer of the carrying amount of financial instruments issued to investors of RMB2,434,840,000 to ordinary share capital of RMB15,000 and share premium of RMB2,434,825,000, respectively.

(b) Dividends

The directors of the Company did not propose any dividend during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The Group's applies IFRS 13, *Fair value measurement* for financial instruments that are measured at fair value at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The movement during the reporting period in the balance of Level 3 fair value measurements was as follows:

	Preferred shares *RMB'000*
At 1 January 2023	2,277,281
Fair value changes	71,210
Exchange adjustments	86,349
Conversion of preferred shares into ordinary shares	(2,434,840)
At 30 June 2023, 1 January 2024 and 30 June 2024	-

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

18 COMMITMENTS

Commitments outstanding at 30 June 2024 not provided for in the interim financial report:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Contracted for acquisition of property, machinery, and equipment	**3,496**	1,966
Authorised but not contracted for acquisition of property, machinery, and equipment	**3,451**	3,451
	6,947	5,417