

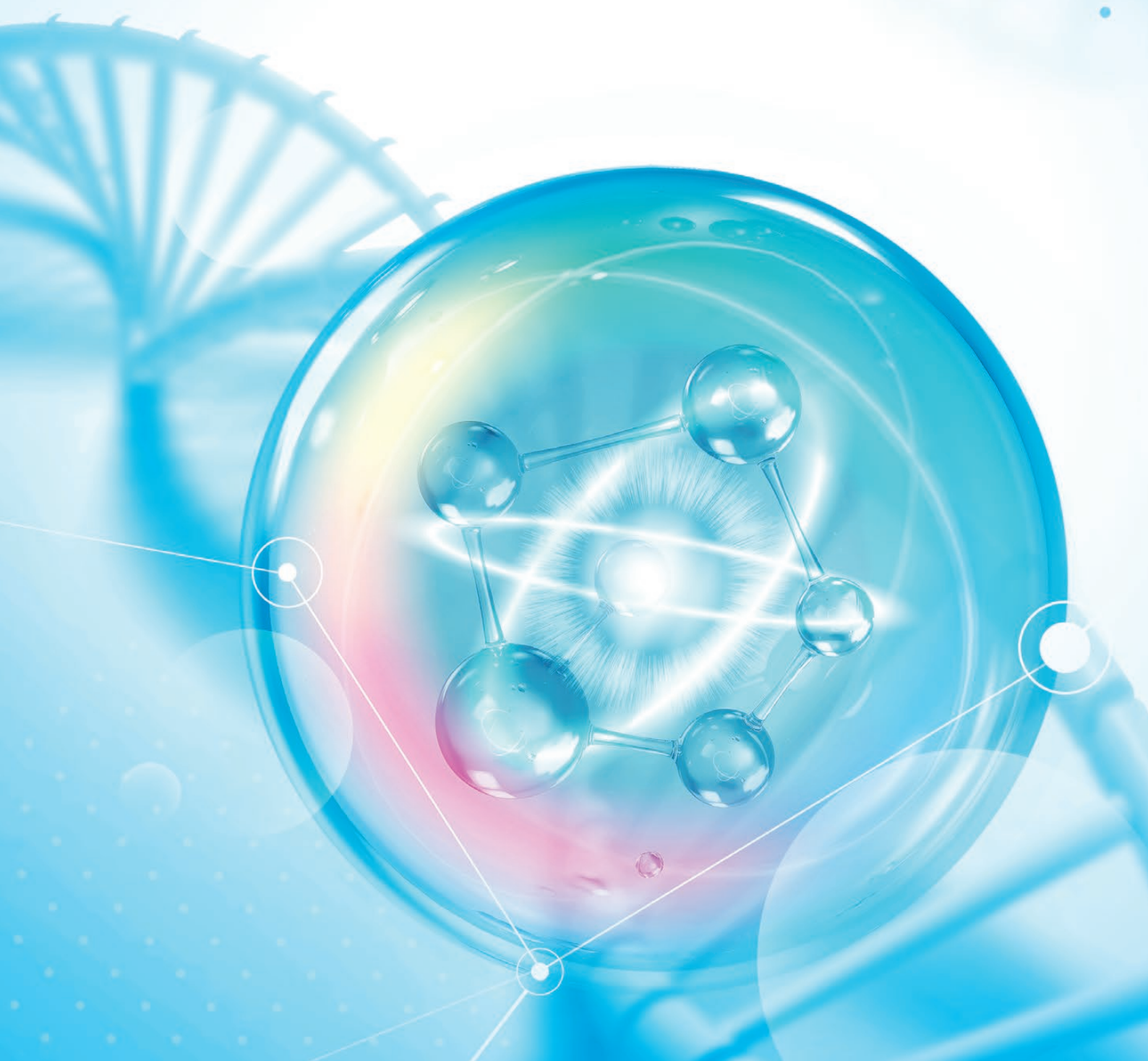


ESSEX BIO-TECHNOLOGY LIMITED
億勝生物科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1061)

2024

INTERIM REPORT





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The board (the “Board”) of directors (the “Directors”) of Essex Bio-Technology Limited (the “Company”) presents the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 and the relevant explanatory notes as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Turnover	4 & 5	811,630	899,359
Cost of sales		(87,018)	(88,897)
Gross profit		724,612	810,462
Other revenue, and other gains and losses	6	31,344	26,348
Distribution and selling expenses		(450,305)	(520,663)
Administrative expenses		(102,879)	(101,277)
Finance costs	7	(3,442)	(9,436)
Share of loss of an associate		(1,950)	(579)
Profit before income tax	8	197,380	204,855
Income tax	9	(39,940)	(35,044)
Profit for the period		157,440	169,811
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		(41,016)	(79,627)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income		925	4,448
Other comprehensive income for the period		(40,091)	(75,179)
Total comprehensive income for the period		117,349	94,632
Earnings per share attributable to owners of the Company			
Basic	11	HK27.74 cents	HK29.72 cents
Diluted	11	HK26.90 cents	HK28.80 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	12	371,777	384,541
Right-of-use assets		19,494	21,318
Land use rights		14,017	14,588
Goodwill		54,496	56,016
Other intangible assets	13	1,058,601	1,054,838
Investment in an associate		1,114	929
Convertible loan receivables	14	12,461	–
Financial assets at fair value through other comprehensive income	15	35,505	39,068
Financial assets at fair value through profit or loss	15	489	366
Deposits and prepayments	18	10,218	10,617
Total non-current assets		1,578,172	1,582,281
Current assets			
Inventories	16	58,217	62,822
Trade and other receivables	17	666,595	595,420
Deposits and prepayments	18	33,222	26,783
Convertible loan receivables	14	28,982	41,821
Financial assets at fair value through profit or loss	15	2,204	5,180
Restricted cash		–	3,406
Cash and cash equivalents		598,414	509,845
Total current assets		1,387,634	1,245,277
Total assets		2,965,806	2,827,558
Current liabilities			
Trade and other payables	19	491,235	484,213
Bank borrowings	20	55,862	55,404
Lease liabilities		1,695	1,696
Convertible loan payable	21	181,845	180,460
Current tax liabilities		93,567	88,971
Total current liabilities		824,204	810,744
Net current assets		563,430	434,533
Total assets less current liabilities		2,141,602	2,016,814
Non-current liabilities			
Bank borrowings	20	68,829	36,057
Lease liabilities		18,993	20,404
Deferred tax liabilities		38,300	36,576
Total non-current liabilities		126,122	93,037
Total liabilities		950,326	903,781
NET ASSETS		2,015,480	1,923,777
Capital and reserves attributable to owners of the Company			
Share capital	22	56,754	56,759
Reserves		1,958,726	1,867,018
TOTAL EQUITY		2,015,480	1,923,777

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Foreign currency translation reserve HK\$'000	Share option reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Fair value reserve HK\$'000	Conversion component of convertible loan payable HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023	57,160	73,286	362	90,683	(58,413)	1,768	(86,872)	18,096	15,227	1,620,070	1,731,367
Profit for the period	-	-	-	-	-	-	-	-	-	169,811	169,811
Other comprehensive income:											
- Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	4,448	-	-	-	4,448
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(79,627)	-	-	-	-	-	(79,627)
Total comprehensive income for the period	-	-	-	-	(79,627)	-	4,448	-	-	169,811	94,632
Dividend paid	-	-	-	-	-	-	-	-	-	(14,266)	(14,266)
Shares repurchased and cancelled	(102)	(2)	-	-	-	-	-	-	-	(3,578)	(3,682)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	(1,768)	-	-	-	1,768	-
At 30 June 2023 (Unaudited)	57,058	73,284	362	90,683	(138,040)	-	(82,424)	18,096	15,227	1,773,805	1,808,051
At 1 January 2024	56,759	73,279	362	90,683	(100,707)	-	(74,915)	18,096	15,227	1,844,993	1,923,777
Profit for the period	-	-	-	-	-	-	-	-	-	157,440	157,440
Other comprehensive income:											
- Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	925	-	-	-	925
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(41,016)	-	-	-	-	-	(41,016)
Total comprehensive income for the period	-	-	-	-	(41,016)	-	925	-	-	157,440	117,349
Dividend paid	-	-	-	-	-	-	-	-	-	(25,539)	(25,539)
Shares repurchased and cancelled	(5)	-	-	-	-	-	-	-	-	(102)	(107)
Transfer of fair value reserve upon the disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(1,183)	-	-	1,183	-
At 30 June 2024 (Unaudited)	56,754	73,279	362	90,683	(141,723)	-	(75,173)	18,096	15,227	1,977,975	2,015,480

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Cash flows from operating activities			
Profit before income tax		197,380	204,855
Adjustments for:			
Interest income from convertible loan receivables	6	(911)	(867)
Interest income from bank deposits	6	(5,941)	(6,163)
Change in fair value of financial assets at fair value through profit or loss	6	6,366	(7,897)
Write-off of other intangible assets	6	2,879	–
Impairment loss on trade receivables	6	7,191	–
Income from litigation claim	6	(21,153)	–
Finance costs	7	3,442	9,436
Share of loss of an associate		1,950	579
Amortisation of land use rights	8	180	188
Amortisation of other intangible assets	8	12,449	13,732
Depreciation of property, plant and equipment	8	12,588	16,244
Depreciation of right-of-use assets	8	1,263	1,051
Exchange losses/(gains), net	8	2,432	(1,852)
Loss on disposal of property, plant and equipment	8	28	1,796
Write-off of inventories	8	3,225	827
Operating cash flows before working capital changes		223,368	231,929
(Increase)/decrease in inventories		(280)	11,576
Increase in trade and other receivables		(63,463)	(163,274)
Increase in deposits and prepayments		(7,109)	(2,669)
Increase in trade and other payables		9,317	63,416
Cash generated from operations		161,833	140,978
Tax (paid)/refunded		(30,169)	14,028
Net cash generated from operating activities		131,664	155,006
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,482)	(4,214)
Deposits paid for acquisition of property, plant and equipment		(2,992)	(870)
Increase in other intangible assets		(40,299)	(67,938)
Increase in investment in an associate		(2,162)	–
Purchase of convertible loan receivables		(3,135)	–
Purchase of financial assets at fair value through other comprehensive income		–	(3,915)
Purchase of financial assets at fair value through profit or loss		–	(538)
Bank interest received		5,941	6,163
Decrease in pledged bank deposits		–	6,775
Decrease/(increase) in restricted cash		3,350	(44,248)
Proceeds from disposal of property, plant and equipment		467	1
Proceeds from disposal of financial assets at fair value through other comprehensive income		4,488	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	1,985
Net cash used in investing activities		(40,824)	(106,799)

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Cash flows from financing activities		
Proceeds from bank borrowings	46,182	–
Repayments of bank borrowings	(10,102)	(41,021)
Payment of lease liabilities	(1,355)	(1,302)
Payments for shares bought back	(107)	(3,681)
Interest paid on bank borrowings	(1,666)	(9,908)
Interest paid on convertible loan payable	(1,464)	(1,441)
Dividends paid to owners of the Company	(25,539)	(14,266)
Net cash generated from/(used in) financing activities	5,949	(71,619)
Net increase/(decrease) in cash and cash equivalents	96,789	(23,412)
Cash and cash equivalents at beginning of period	509,845	543,486
Effect of foreign exchange rate changes on cash and cash equivalents	(8,220)	(14,352)
Cash and cash equivalents at end of period	598,414	505,722
Analysis of balances of cash and cash equivalents		
Cash and bank balances	369,784	375,722
Non-pledged time deposits with original maturity of less than three months when acquired	228,630	130,000
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	598,414	505,722

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Essex Bio-Technology Limited is a limited liability company incorporated in the Cayman Islands on 31 July 2000 under Companies Act Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 1061). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at Room 3206, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in investment holding, and development, manufacture and sale of biologic drugs.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These interim condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023 (the “2023 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to each group entity.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the 2023 Financial Statements, except for the adoption of amended standards effective for annual periods beginning on or after 1 January 2024. The adoption of these amended standards has no material impact on the Group’s interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. SEGMENT REPORTING

The Group manages its businesses by business lines. The segment information is reported internally to the chief operating decision-maker (i.e. executive Directors) for the purposes of resources allocation and performance assessment. The Group's reportable and operating segments for financial reporting purposes are as follows:

- Ophthalmology: Development, manufacture and/or sale of products including Beifushu® series (Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops), Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops and 適麗順® (Iodized Lecithin Capsules*)
- Surgical: Development, manufacture and/or sale of products including Beifuji® series (Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel), Carisolv® dental caries removal gel, 佻典醫生 (Dr. YaDian) mouth wash, 伊血安顆粒 (Yi Xue An Granules*) and PELNAC™ collagen-based artificial dermis

(a) Reportable segments

The chief operating decision-maker monitors the results of its business units separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on the results from the reportable segments as explained in the table below.

	For the six months ended 30 June 2024		
	Ophthalmology (Unaudited) HK\$'000	Surgical (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reportable segment revenue			
– Revenue from external customers	375,560	436,070	811,630
Reportable segment profit	110,309	123,779	234,088
	For the six months ended 30 June 2023		
	Ophthalmology (Unaudited) HK\$'000	Surgical (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Reportable segment revenue			
– Revenue from external customers	381,569	517,790	899,359
Reportable segment profit	102,136	131,014	233,150

The totals presented for the Group's operating segments were reconciled to the Group's key financial figures as presented in the interim condensed consolidated financial statements as follows:

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Reportable segment profit	234,088	233,150
Unallocated corporate income and expenses, net	(26,900)	(26,756)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	(6,366)	7,897
Finance costs	(3,442)	(9,436)
Profit before income tax	197,380	204,855

Major corporate expenses comprised mainly the staff costs including Directors' emoluments.

Analysis of segment assets and liabilities has not been presented as the measure of segment assets and liabilities is not regularly provided to the executive Directors.

4. SEGMENT REPORTING (CONTINUED)

(b) Geographical information

(i) Revenue from external customers

For the six months ended 30 June 2024 and 2023, the Group's revenue from external customers is derived solely from its operations in the People's Republic of China (the "PRC").

(ii) Non-current assets

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
PRC	1,250,533	1,263,594
Hong Kong	249,280	249,055
Overseas	29,904	30,198
	1,529,717	1,542,847

The non-current asset information above excludes convertible loan receivables, financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at FVTPL, and is based on the physical locations of the respective assets, except for goodwill and other intangible assets of which is based on the area of the group entities' operations.

(c) Information about major customers

For the six months ended 30 June 2024, revenue of HK\$234.8 million and HK\$98.9 million (For the six months ended 30 June 2023: HK\$241.0 million and HK\$103.2 million) was derived from sales to two customers (For the six months ended 30 June 2023: two customers), which individually accounted for over 10% of the Group's total revenue.

5. TURNOVER

Turnover represents the sales value of goods supplied to customers and service income (net of sales tax, value-added tax, commercial discounts and sales returns), further details of which are set out in note 4.

6. OTHER REVENUE, AND OTHER GAINS AND LOSSES

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Interest income from convertible loan receivables	911	867
Government grants	3,375	1,220
Interest income from bank deposits	5,941	6,163
Sundry income	3,998	3,854
Change in fair value of financial assets at FVTPL	(6,366)	7,897
Write-off of other intangible assets	(2,879)	–
Impairment loss on trade receivables	(7,191)	–
Income from litigation claim	21,153	–
Clinic income	12,402	6,347
	31,344	26,348

7. FINANCE COSTS

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Interest expense on bank borrowings	1,667	9,908
Interest expense on lease liabilities	528	27
Imputed interest expense on convertible loan payable	2,849	2,781
Less: Amount capitalised	(1,602)	(3,280)
	3,442	9,436

8. PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Amortisation of land use rights	180	188
Amortisation of other intangible assets	12,449	13,732
Auditor's remuneration	838	800
Cost of inventories	83,782	87,825
Cost of services	11	245
Depreciation of property, plant and equipment	12,588	16,244
Depreciation of right-of-use assets	1,263	1,051
Employee costs excluding Directors' emoluments:		
– Salaries and other benefits	147,277	161,474
– Pension fund contributions	8,839	8,177
Exchange losses/(gains), net	2,432	(1,852)
Research and development costs recognised as expenses	12,479	20,250
Write-off of inventories	3,225	827
Loss on disposal of property, plant and equipment	28	1,796

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has no assessable profit arising in Hong Kong.

The Group's major operating subsidiary in Zhuhai, the PRC, was established and carries on business in the Special Economic Zones of the PRC as a high technology enterprise. This subsidiary has obtained a 高新技術企業證書 (High Technology Enterprise Certificate) and is entitled to enjoy the enterprise income tax at the concessionary rate of 15%.

Enterprise income tax rate of 25%, 17%, 27.3% and 22% is applied to the Group's other operating subsidiaries in the PRC, Singapore, the United States and Indonesia respectively.

10. DIVIDENDS

The Board has resolved on 26 August 2024 to declare an interim dividend of HK\$0.06 (For the six months ended 30 June 2023: HK\$0.045) per ordinary share for the six months ended 30 June 2024, which is payable in cash.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Profit attributable to owners of the Company for the purposes of calculating basic earnings per share	157,440	169,811
Interest expense on convertible loan payable, net of amount capitalised	2,085	2,035
Profit attributable to owners of the Company for the purposes of calculating diluted earnings per share	159,525	171,846

Number of shares

	2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	567,547,170	571,307,122
Effect of dilutive potential ordinary shares: – convertible loan payable	25,423,728	25,423,728
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	592,970,898	596,730,850

The computation of diluted earnings per share for the six months ended 30 June 2024 and 2023 did not assume the issue of potential ordinary shares in relation to all share options granted as they had anti-dilutive effect.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost:						
At 1 January 2023	117,714	209,392	71,305	6,783	126,376	531,570
Additions	1,802	2,791	4,627	1,314	17,228	27,762
Disposals	(31)	(1,319)	(2,867)	(758)	–	(4,975)
Exchange adjustment	(2,859)	(5,134)	(1,606)	(125)	(3,118)	(12,842)
At 31 December 2023	116,626	205,730	71,459	7,214	140,486	541,515
Additions	–	2,052	6,519	–	1,859	10,430
Disposals	–	(838)	(397)	(352)	–	(1,587)
Exchange adjustment	(3,140)	(5,553)	(1,956)	(168)	(3,594)	(14,411)
At 30 June 2024 (Unaudited)	113,486	201,391	75,625	6,694	138,751	535,947
Accumulated depreciation:						
At 1 January 2023	20,773	77,664	28,451	5,847	–	132,735
Charge for the year	2,388	17,070	10,250	360	–	30,068
Disposals	–	(1,111)	(853)	(682)	–	(2,646)
Exchange adjustment	(513)	(1,937)	(627)	(106)	–	(3,183)
At 31 December 2023	22,648	91,686	37,221	5,419	–	156,974
Charge for the period	1,215	6,003	5,101	269	–	12,588
Disposals	–	(405)	(366)	(321)	–	(1,092)
Exchange adjustment	(622)	(2,529)	(1,026)	(123)	–	(4,300)
At 30 June 2024 (Unaudited)	23,241	94,755	40,930	5,244	–	164,170
Carrying amount:						
At 30 June 2024 (Unaudited)	90,245	106,636	34,695	1,450	138,751	371,777
At 31 December 2023 (Audited)	93,978	114,044	34,238	1,795	140,486	384,541

13. OTHER INTANGIBLE ASSETS

	Development expenditure	Acquired intangible assets	Total
	HK\$'000	HK\$'000	HK\$'000
Cost:			
At 1 January 2023	254,489	792,697	1,047,186
Additions	49,525	75,646	125,171
Exchange adjustment	(5,286)	(14,030)	(19,316)
At 31 December 2023	298,728	854,313	1,153,041
Additions	2,330	38,733	41,063
Write-off	–	(2,879)	(2,879)
Exchange adjustment	(6,742)	(17,892)	(24,634)
At 30 June 2024 (Unaudited)	294,316	872,275	1,166,591
Accumulated amortisation and impairment losses:			
At 1 January 2023	53,929	14,560	68,489
Amortisation	5,246	21,025	26,271
Impairment	–	5,049	5,049
Exchange adjustment	(1,287)	(319)	(1,606)
At 31 December 2023	57,888	40,315	98,203
Amortisation	2,404	10,045	12,449
Exchange adjustment	(1,510)	(1,152)	(2,662)
At 30 June 2024 (Unaudited)	58,782	49,208	107,990
Carrying amount:			
At 30 June 2024 (Unaudited)	235,534	823,067 [#]	1,058,601
At 31 December 2023 (Audited)	240,840	813,998 [#]	1,054,838

[#] The carrying amount of acquired intangible assets as at 30 June 2024 mainly included (i) the development cost incurred in an ophthalmic solution containing SkQ1 as its sole active pharmaceutical ingredient of approximately HK\$345.5 million (31 December 2023: approximately HK\$352.6 million); (ii) the development cost incurred in a pharmaceutical product that contains an anti-vascular endothelial growth factor (anti-VEGF) as a drug substance of approximately HK\$310.7 million (31 December 2023: approximately HK\$280.2 million); and (iii) the carrying amount of intellectual property rights and right of Marketing Authorisation Holder relating to 適麗順® (Iodized Lecithin Capsules*) of approximately HK\$108.9 million (31 December 2023: approximately HK\$118.9 million).

14. CONVERTIBLE LOAN RECEIVABLES

- (i) In 2018, the Group entered into an agreement with an independent third party (“Investee A”) to subscribe for a convertible loan with principal amount of US\$4.5 million (approximately HK\$35.3 million) which carries interest at 5% per annum with maturity on 31 July 2022 (“Convertible Loan A”). On 21 March 2024, the Group entered into a supplementary agreement with Investee A to extend the maturity date of Convertible Loan A to 31 July 2026. The entire principal amount of Convertible Loan A can be converted into such number of shares representing 45% of the enlarged and fully diluted share capital of Investee A at any time before the maturity date. In the event that no conversion has been taken place before maturity date, Investee A shall repay the Group the outstanding principal amount plus an amount calculated by the Group which would yield a return for the Group on the principal amount of Convertible Loan A of 8% per annum. The first tranche in the principal amount of US\$0.6 million (approximately HK\$4.7 million) (“Tranche A of Convertible Loan A”) was disbursed to Investee A in 2018. In 2022, the second tranche in the principal amount of US\$0.6 million (approximately HK\$4.7 million) (“Tranche B of Convertible Loan A”) was subscribed by the Group. During the six months ended 30 June 2024, part of the third tranche in the principal amount of US\$0.4 million (approximately HK\$3.1 million) (“Tranche C1 of Convertible Loan A”) was subscribed by the Group. Tranches A, B and C1 of Convertible Loan A are classified as financial assets at FVTPL upon the initial recognition.
- (ii) In 2020, 2021 and 2022, the Group made available certain convertible loans to Antikor Biopharma Limited (“Antikor”) in the aggregate principal amount of approximately US\$3.3 million (approximately HK\$25.3 million) which carry interest at 5% per annum with maturity on 30 September 2023 (“Convertible Loan B”). On 30 April 2024, the Group entered into two amendment agreements with Antikor to extend the maturity date of Convertible B to 31 March 2025. The aggregate principal amount of Convertible Loan B can be converted into such number of shares representing 23.43% of the enlarged and fully diluted share capital of Antikor at any time before the maturity date. Convertible Loan B is classified as financial asset at FVTPL upon the initial recognition.

The Group’s convertible loan receivables are as follows:

	HK\$’000
As at 30 June 2024	
– Tranches A, B and C1 of Convertible Loan A	12,461
– Convertible Loan B	28,982
Total	41,443
Less: Current portion	(28,982)
Non-current portion	12,461
	HK\$’000
As at 31 December 2023	
– Tranches A and B of Convertible Loan A	11,873
– Convertible Loan B	29,948
Total, classified under current assets	41,821

14. CONVERTIBLE LOAN RECEIVABLES (CONTINUED)

The movements in fair value of convertible loan receivables classified as level 3 in the fair value hierarchy during the six months ended 30 June 2024 are as follows:

	HK\$'000
At 1 January 2024	41,821
Additions	3,135
Change in fair value recognised in profit or loss	(3,513)
At 30 June 2024 (Unaudited)	41,443

As at 30 June 2024, the fair values of convertible loan receivables are calculated using Binomial Share Option Model with the following key assumptions:

	Convertible Loan A	Convertible Loan B
Stock price	US\$0.0268	US\$0.0806
Conversion price	US\$1	US\$0.195 – US\$0.588
Expected volatility	73%	70%

The key significant unobservable inputs to determine the fair value of convertible loan receivables are the stock price and expected volatility. A higher in the stock price and expected volatility would result in an increase in the fair value of convertible loan receivables, and vice versa.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Non-current		
Equity investments designated at FVTOCI (<i>Note (a)</i>)		
– Listed equity investments (<i>Note (b)</i>)	20,675	24,455
– Unlisted equity investments (<i>Note (c)</i>)	14,830	14,613
	35,505	39,068
Equity investments designated at FVTPL (<i>Note (d)</i>)		
– Unlisted equity investments (<i>Note (c)</i>)	489	366
Current		
Equity investments designated at FVTPL (<i>Note (d)</i>)		
– Listed equity investments (<i>Note (b)</i>)	2,204	5,180

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes:

- (a) The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.
- (b) The balance as at 30 June 2024 represents three (31 December 2023: three) listed equity securities which are listed on the NASDAQ Stock Market of the United States, namely AC Immune SA, Humacyte Inc. and CytoMed Therapeutics Limited (31 December 2023: AC Immune SA, Humacyte Inc. and CytoMed Therapeutics Limited). The fair value was based on quoted market price as at 30 June 2024.
- (c) The balance as at 30 June 2024 represents three (31 December 2023: four) unlisted equity investments, namely the investments in (i) series C preferred stock and common stock of a private company incorporated in the United States ("Equity A"); (ii) ordinary shares of Antikor ("Equity B"); and (iii) series pre-A preferred stock of a private company incorporated in Singapore ("Equity C").
- (d) The equity investments were irrevocably designated at FVTPL as the Group considers these investments to be held for trading.

As at 30 June 2024, the fair values of investments in Equity A, Equity B and Equity C classified as level 2 in the fair value hierarchy are calculated using Value Allocation Model with the following key assumptions:

	Equity A	Equity B	Equity C
Expected volatility	113%	N/A	95%
Risk-free interest rate	5.33%	N/A	3.56%
Discount rate	N/A	20.5%	N/A

16. INVENTORIES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Raw materials	13,687	13,995
Work in progress	9,141	11,529
Finished goods	35,389	37,298
	58,217	62,822

17. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Trade receivables	612,619	567,308
Impairment	(7,114)	–
	605,505	567,308
Other receivables	61,090	28,112
	666,595	595,420

The Group's policy is to allow an average credit period of 90 days to its trade customers.

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

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
0-60 days	343,191	345,808
61-90 days	103,744	50,811
Over 90 days	158,570	170,689
	605,505	567,308

18. DEPOSITS AND PREPAYMENTS

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Deposits paid for acquisition of property, plant and equipment	10,218	10,617
Prepayments for purchase of finished goods	14,066	12,576
Other deposits	2,261	1,938
Other prepayments	16,895	12,269
	43,440	37,400
Total	(33,222)	(26,783)
Less: Current portion		
Non-current portion	10,218	10,617

19. TRADE AND OTHER PAYABLES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Trade payables	11,786	10,581
Other payables and accruals (<i>Note</i>)	479,449	473,632
	491,235	484,213

Note:

Other payables and accruals included the accruals for sales and marketing costs of approximately HK\$424.2 million (31 December 2023: approximately HK\$390.1 million).

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

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
0-60 days	9,618	8,430
61-90 days	106	16
Over 90 days	2,062	2,135
	11,786	10,581

20. BANK BORROWINGS

As at 30 June 2024, certain of the bank borrowings and banking facilities were secured by corporate guarantees provided by the Company and one of its subsidiaries.

As at 31 December 2023, certain of the bank borrowings and banking facilities were secured by corporate guarantees provided by the Company and one of its subsidiaries.

As at 30 June 2024, the Group obtained non-revolving banking facilities of approximately HK\$383.8 million (31 December 2023: approximately HK\$394.4 million), of which approximately HK\$148.3 million (31 December 2023: approximately HK\$105.4 million) was utilised.

21. CONVERTIBLE LOAN PAYABLE

On 6 July 2016, the Group entered into a convertible loan agreement with International Finance Corporation (“IFC”) in an aggregate principal amount of HK\$150.0 million (the “Convertible Loan Payable”). Subject to the terms of the convertible loan agreement, IFC has the right to convert all or any part of the outstanding principal amount of the Convertible Loan Payable into shares of the Company at any time prior to the maturity date on 2 August 2021. On 10 July 2020, the Group and IFC entered into an amendment agreement to the convertible loan agreement to extend the maturity date for a period of 3 years to 2 August 2024. The Group accounted for the extension as a derecognition of the existing financial liability and the recognition of a new financial liability with a gain recognised on extinguishment, being the difference between the fair value of consideration given to extinguish the financial liability and its previous carrying amount.

21. CONVERTIBLE LOAN PAYABLE (CONTINUED)

The major terms and conditions of the Convertible Loan Payable are as follows:

(i) Interest rate

The outstanding principal amount of the Convertible Loan Payable at 1.9% per annum.

(ii) Conversion price

The conversion price is HK\$5.9 per share (subject to anti-dilutive adjustments as set out in the convertible loan agreement).

(iii) Repayment

The Company shall repay the outstanding principal amount of the Convertible Loan Payable on the maturity date together with the make whole premium calculated at (i) 6% per annum; or (ii) 8% per annum if there exists a change of control which occurs when, among others, (a) there is a decrease in the shareholdings of the Company's certain shareholders as a group under specified conditions as stipulated in the convertible loan agreement; (b) certain shareholders of the Company as a group cease to be the single largest direct and indirect shareholder of the Company; or (c) any person (other than certain shareholders as a group) by itself or through its affiliates have obtained the power to appoint a majority of the Board.

The fair value of the debt component and the equity conversion component were determined at the issuance/ extinguishment of the Convertible Loan Payable where appropriate. The fair value of the debt component was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity. The make whole premium, being an embedded derivative, was measured at fair value separately. At the date of issue of the Convertible Loan Payable and at 30 June 2024, the fair value of the make whole premium was determined by the Directors to be minimal.

The movements of the Convertible Loan Payable are as follows:

	Debt component	Conversion component	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	157,715	15,227	172,942
Imputed interest expense	25,635	–	25,635
Interest paid	(2,890)	–	(2,890)
At 31 December 2023 (Audited)	180,460	15,227	195,687
Imputed interest expense	2,849	–	2,849
Interest paid	(1,464)	–	(1,464)
At 30 June 2024 (Unaudited)	181,845	15,227	197,072

The Convertible Loan Payable is repayable as follows:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within one year	181,845	180,460

22. SHARE CAPITAL

Authorised

	At 30 June 2024		At 31 December 2023	
	Number (Unaudited)	HK\$'000 (Unaudited)	Number (Audited)	HK\$'000 (Audited)
Ordinary shares at HK\$0.1 each	1,000,000,000	100,000	1,000,000,000	100,000

Issued and fully paid

	Number	HK\$'000
At 1 January 2023	571,603,000	57,160
Shares repurchased and cancelled	(4,018,000)	(401)
At 31 December 2023 (Audited)	567,585,000	56,759
Shares repurchased and cancelled (<i>Note</i>)	(45,000)	(5)
At 30 June 2024 (Unaudited)	567,540,000	56,754

Note:

During the six months ended 30 June 2024, the Company repurchased 35,000 of its shares on the Stock Exchange for a total consideration of approximately HK\$83,000 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The repurchased shares (together with 10,000 shares repurchased by the end of December 2023) were cancelled during the six months ended 30 June 2024 and the total amount paid for the repurchase of the shares has been charged to retained profits of the Company.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial assets measured at fair value

As at the end of the reporting period, convertible loan receivables and equity investments included in the interim condensed consolidated financial statements require measurement at, and disclosure of, fair value.

The fair value of financial instruments with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key unobservable inputs and fair value are set out in notes (iii) and (iv) below.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, restricted cash, trade and other payables, bank borrowings, lease liabilities and convertible loan payable.

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables and current portion of bank borrowings, lease liabilities and convertible loan payable approximate to their fair values due to the short term maturities of these instruments.

The fair values of non-current portion of bank borrowings and lease liabilities for disclosure purposes have been determined using discounted cash flow models and are classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the borrowers or the Company.

(iii) Information about level 2 fair value measurement

The fair values of the financial instruments included in the level 2 category have been determined with reference to generally accepted pricing models based on quoted prices for identical or similar assets or liabilities in markets that are not active.

(iv) Information about level 3 fair value measurement

The fair values of the financial instruments included in the level 3 category as at the end of the current period have been determined by the Directors with reference to the valuation performed by International Valuation Limited, an independent firm of professionally qualified valuers, details of which are set out in note 14.

The following table provides an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

Recurring fair value measurement Financial assets:	As at 30 June 2024			Total (Unaudited) HK\$'000
	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	
Listed equity investments	22,879	–	–	22,879
Unlisted equity investments	–	15,319	–	15,319
Convertible loan receivables	–	–	41,443	41,443

Recurring fair value measurement Financial assets:	As at 31 December 2023			Total (Audited) HK\$'000
	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	
Listed equity investments	29,635	–	–	29,635
Unlisted equity investments	–	14,979	–	14,979
Convertible loan receivables	–	–	41,821	41,821

There was no transfer under the fair value hierarchy classification during the six months ended 30 June 2024. Please refer to notes 14 and 15 for the respective valuation techniques and the inputs used in the fair value measurement of financial assets categorised within level 2 and level 3 of the fair value hierarchy.

24. CAPITAL COMMITMENTS

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Contracted but not provided for:		
– property, plant and equipment	2,922	3,730
– development expenditure	34,489	35,600
– acquired intangible assets	183,764	219,001
– construction of the new factory	33,822	34,758
– expansion of the existing factory	1,653	2,258
	256,650	295,347

25. RELATED PARTY TRANSACTIONS

Details of compensation paid to key management of the Group (all being the Directors) are as follows:

	2024 (Unaudited) HK\$'000	For the six months ended 30 June 2023 (Unaudited) HK\$'000
Salaries and other benefits	3,644	3,675
Pension fund contributions	26	25
	3,670	3,700

26. EVENT AFTER THE REPORTING PERIOD

On 31 July 2024, the Group repaid the outstanding principal amount of the Convertible Loan Payable in full, together with the accrued interest and the make whole premium, to IFC. Please refer to the announcement of the Company dated 31 July 2024 for details.

27. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 26 August 2024.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The vision of Essex Bio-Technology Limited (the “Company”, together with its subsidiaries, the “Group”) is to be a great and socially responsible corporation. Strategically, the Group develops, manufactures and commercialises genetically engineered therapeutic recombinant bovine basic fibroblast growth factor (“rb-bFGF”), with established mechanism of action in cellular proliferation, differentiation and migration.

The Group’s turnover is primarily made up of the ophthalmology segment (“Ophthalmology”) and surgical (wound care and healing) segment (“Surgical”) covering dermatology, stomatology, obstetrics and gynaecology; while pursuing new therapeutics in oncology, orthopaedics and neurology through the Group’s strategic investments.

Currently the Group has six commercialised biologics (collectively referred to as the “bFGF Series”) that are marketed and sold in the People’s Republic of China (the “PRC”). The bFGF Series include Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops for treatment of ocular wounds, Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel for treatment of surface wounds. The bFGF Series are developed and manufactured by the Group, three of which were approved by 國家藥品監督管理局 (National Medical Products Administration (“NMPA”)) as Category I biologics and four of which are on the list of the National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance issued by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC. Collectively, the combined turnover of the bFGF Series represented about 86.4% of the Group’s total turnover for the period under review.

Apart from the bFGF Series, the Group has a portfolio of commercialised preservative-free unit-dose eye drops, namely Tobramycin, Levofloxacin, Sodium Hyaluronate and Moxifloxacin Hydrochloride Eye Drops. In August 2024, the Group obtained an approval from NMPA for the registration and commercialisation of the preservative-free unit-dose Diquafosol Sodium Eye Drops in the PRC.

適麗順® (Iodized Lecithin Capsules*), an oral ophthalmic product for treating central serous chorioretinopathy, central exudative chorioretinopathy, vitreous haemorrhage, vitreous opacities and central retinal vein occlusion, etc, has become one of the Group’s core products and growth drivers since 2022.

In addition, the Group has 2 oral care products, namely Carisolv® dental caries removal gel and 伢典醫生 (Dr. YaDian) mouth wash.

The Group further undertakes the promotion and selling of a range of products and medical devices to complement the Group’s therapeutics business of Ophthalmology and Surgical, including 伊血安顆粒 (Yi Xue An Granules*), Soft Hydrophilic Contact Lens, Foldable Capsular Vitreous Body, Portable Ultraviolet Phototherapy Devices, PELNAC™ collagen-based artificial dermis, Osteopore’s innovative oral and maxillofacial products in Singapore, SCALGEN™ double-layered artificial dermis and other medical devices for myopia control and prevention such as eye-protection lamp and Seewant defocus customised glasses.

For mid-term and long-term growth drivers, the Group maintains a pipeline of multi-project in research and development (“R&D”) at various stages of clinical programmes, which cover a handful of unit-dose ophthalmic products and biologics in growth factors and antibody.

Significant Business Development Activities

We are committed to pragmatically investing in new products and technologies to strengthen the Group's product and R&D pipeline as near to mid-term growth driver in ophthalmology and long-term plan for new therapeutics in oncology. Major investments in ophthalmic products that are currently in an advanced stage of clinical development are outlined as follows:

Investments in Ophthalmology

A late-stage clinical development of SkQ1 for dry eye disease (the "SkQ1 Product"), as disclosed in the announcement of the Company dated 24 February 2021, achieved a positive outcome from the second phase 3 clinical trial (VISTA-2). The clinical trial study repeated statistically significant positive results on key predefined secondary end-point (Central Corneal Fluorescein Staining). The read-out of clearing of central staining of the cornea (defined as zero staining in central cornea), which reveals the potential of SkQ1 in addressing oxidative stress in dry eye diseases.

As disclosed in the announcement of the Company dated 13 October 2022, the Group strategically and successfully secured (i) a patent assignment deed; and (ii) a patent and know-how licence agreement relating to SkQ1 in the field of ophthalmology exclusively for the global market except for Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia (the "Global Rights").

The Group is still in the final stages of completing the transfer of chemistry, manufacturing and controls (CMC), know-how and intellectual property rights relating to SkQ1. Concurrently, the Group is re-establishing the VISTA programme with regulators for mitigating any identifiable risks before continuing with the clinical trial. The aforementioned tasks will inevitably be time-consuming due to external factors and technical challenges involved. The board (the "Board") of directors of the Company (the "Directors") will keep shareholders and investors informed as and when appropriate about the development status.

The total actual investment cost of approximately HK\$345.5 million has been incurred for the clinical development of the SkQ1 Product and the Global Rights, and is presented as "Acquired Intangible Assets" under the Group's interim condensed consolidated financial statements as at 30 June 2024. The investment cost represented 11.6% of the Group's total assets as at 30 June 2024. According to Frost & Sullivan, the estimated number of patients with moderate-to-severe dry eye disease was around 119.7 million in the PRC in 2020. It is expected that the size of the potential market of the SkQ1 Product will be significant.

For the purpose of on-going execution of the SkQ1 Product and the Global Rights of SkQ1 (exclusive of the PRC), the said asset is in the process of being carved out and injected into DunaVision Pte. Ltd., Singapore, which is newly established and a wholly-owned subsidiary of the Company.

In 2020, the Group entered into a co-development and exclusive license agreement (the "Co-Development License Agreement") with Shanghai Henlius Biotech, Inc. ("Henlius") to co-develop a pharmaceutical product that contains an anti-vascular endothelial growth factor ("anti-VEGF") as a drug substance (the "Anti-VEGF Licensed Product"), which is intended for the treatment of exudative (wet) age-related macular degeneration ("wet-AMD"). As at the date of this report, the recombinant anti-VEGF humanised monoclonal antibody injection HLX04-O ("HLX04-O") for the treatment of wet-AMD has been approved to commence the phase 3 clinical trial in Australia, the United States, Singapore, Russia, Serbia and European Union countries such as Hungary, Spain, Latvia, the Czech Republic and Poland. So far, the first patient has been dosed in a phase 3 clinical study for HLX04-O for the treatment of wet-AMD in the PRC, Latvia, Australia and the United States successively. Also, the phase 1/2 clinical study for HLX04-O for the treatment of wet-AMD has shown its safety and tolerability and demonstrated preliminary efficacy.

On 22 February 2023, the Group entered into an amendment agreement with Henlius to amend certain terms of the Co-Development License Agreement, which include payments for regulatory and commercial sales milestones and development costs in respect of the Anti-VEGF Licensed Product. Please refer to the announcement of the Company dated 22 February 2023 and the 2022 annual results announcement of the Company dated 8 March 2023 for further details.

Henlius is the holding company of a group principally engaged in (i) the research and development, production and sale of monoclonal antibody (mAb) drugs and the provision of related technical services (except for the development and application of human stem cells, genetic diagnosis and therapy technology); and (ii) the transfer of its own technology and provision of the related technology consultation services.

Total maximum commitment in relation to the co-development of the Anti-VEGF Licensed Product with Henlius is US\$67.0 million (equivalent to approximately HK\$523.1 million). Total actual investment cost of approximately HK\$310.7 million is presented as “Acquired Intangible Assets” under the Group’s interim condensed consolidated financial statements as at 30 June 2024. The investment cost represented 10.5% of the Group’s total assets as at 30 June 2024. The Anti-VEGF Licensed Product can be used for treating wet-AMD, diabetic macular edema, macular edema caused by retinal vein occlusion and myopic choroidal neovascularisation. According to Frost & Sullivan, the estimated number of patients with these 4 categories of disease was around 15.8 million in the PRC in 2020. Assuming each patient applies 4 doses in the first year of treatment and 2 to 3 doses in subsequent years, it is expected that the size of the potential market of the Anti-VEGF Licensed Product will be significant.

Apart from the investments in the SkQ1 Product and the Anti-VEGF Licensed Product, as at 30 June 2024 and the date of this report, each of the investments made and held by the Group represented less than 5% of the Group’s total assets.

HONOURS AND AWARDS OBTAINED IN 2024

珠海億勝生物製藥有限公司 (Zhuhai Essex Bio-Pharmaceutical Company Limited*), a wholly-owned subsidiary of the Company, has been recognised as one of the 2023年珠海市創新百強企業創新綜合實力100強 (2023 Top 100 Innovative Companies in Zhuhai*) and 2023年珠海市創新百強企業經濟貢獻100強 (2023 Top 100 with Economic Contributions in Zhuhai*). It has also been recognised as one of the 2023年度TOP100中國化藥企業 (2023 top 100 chemical pharmaceutical companies in the PRC*).

The Group’s Beifushu® has been awarded as one of the Chinese reputable medicine brands in six consecutive years. This is the testament to the recognition by the industry for the efficacy and quality of our flagship biologic drug.

The Group has, once again, been included in 2024 Forbes Asia’s Best Under A Billion List, which is a testimony to the Group’s achievements to date.

MARKET DEVELOPMENT

As at 30 June 2024, the Group maintains a network of 43 regional sales offices in the PRC with more than 1,280 sales and marketing representatives. In addition, the Group has maintained a base in Singapore for market access into Southeast Asian countries since 2020.

For achieving a sustainable growth traction for the Group’s current and future products, the Group has been relentlessly making investments to improve its competitiveness and widening its customers base under the following plans:

- executing clinical observation programmes for affirming additional clinical indications of its commercialised products;
- reaching out to lower-tier cities in the PRC;
- cultivating complementary sales channels; and
- nurturing the use of healthtech e-platform for better engagement of both the medical practitioners and patients.

During the period under review, with a vast distribution network, the Group’s therapeutic products are prescribed in more than 13,500 hospitals and medical providers, coupled with approximately 1,800 pharmaceutical stores, covering major cities, provinces and county cities throughout the PRC.

RESEARCH AND DEVELOPMENT

The R&D's vision is emphasising the dedication to science and innovation, with a mission to develop therapeutics that would meet unmet clinical and/or commercial needs. The Group kick-started a 5-year development plan from 2021 to further strengthen its R&D capability and its position in ophthalmology.

The Group's key R&D initiatives comprise of growth factor, antibody (i.e. mAb, bsAb, sdAb, scFv, ADC/FDC, etc.), drug formulation know-how and Blow-Fill-Seal ("BFS") platform. Growth factor, antibody and drug formulation know-how are used for the development of therapeutic drugs in ophthalmology, surgical (wound care and healing) and oncology, whereas BFS platform is a state-of-the-art manufacturing facility for producing preservative-free unit-dose drugs, in particular for ophthalmic drugs.

One of the Group's technology platforms is built on a recombinant proteins, in particular, the basic fibroblast growth factor ("bFGF"). The Group has been able to capitalise on its biologic facility, built with its proprietary technique and know-how, delivering high-quality bFGF Series of biologics in the Ophthalmology and Surgical business segments that constituted the Group's primary current growth driver. Strengthening the Group's biologics-based R&D, the strategic alliances forged with Antikor Biopharma Limited and Henlius are in furtherance of our R&D plans for biologics in oncology and in ophthalmology for wet-AMD, diabetic macular edema, macular edema caused by retinal vein occlusion and myopic choroidal neovascularisation for mid-term to long-term growth driver.

The establishment of the BFS platform formed part of the Group's core competency to develop and produce a series of preservative-free unit-dose drugs. As at 30 June 2024, the Group has 5 commercialised preservative-free unit-dose eye drops in the product pipeline. A handful of preservative-free unit-dose ophthalmic drugs are under development with targeted commercialisation within the next 2 to 5 years.

In August 2024, the Group obtained an approval from NMPA for the registration and commercialisation of the preservative-free unit-dose Diquafosol Sodium Eye Drops (the "Approved Product") for the treatment of dry eye syndromes (such as conjunctival epithelium injury and tear abnormalities) in the PRC.

The Approved Product is a preservative-free unit-dose eye drops containing 3% (0.4ml:12mg) diquafosol sodium. It is the Group's sixth preservative-free unit-dose eye drops product. The other five preservative-free unit-dose eye drops products are Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, Beifushu (rb-bFGF) Eye Drops and Moxifloxacin Hydrochloride Eye Drops. The addition of the preservative-free unit-dose Diquafosol Sodium Eye Drops will further enrich the Group's ophthalmic product portfolio and strengthen its ophthalmology segment of market positioning.

As at the date of this report, there are 16 R&D programmes in the pre-clinical to clinical stage, out of which 4 ophthalmology programmes are in clinical stage. The 4 ophthalmology programmes listed below are targeted as mid-term growth driver.

1. EB11-18136P: SkQ1 eye drops, second phase 3 clinical trial (United States Food and Drug Administration ("US FDA")) (VISTA-2) topline data released on 24 February 2021. The continuation of the VISTA programme is subject to the completion of the transfer of chemistry, manufacturing and controls (CMC), know-how and intellectual property rights relating to SkQ1, following the acquisition on 13 October 2022.
2. EB11-15120P: Azithromycin eye drops, ongoing review by external key opinion leaders (NMPA in the PRC)
3. EB12-20145P: Bevacizumab intravitreal injection for wet-AMD, phase 3 clinical trial (US FDA, European Medicines Agency, Therapeutic Goods Administration and NMPA in the PRC)
4. EB11-21148P: Cyclosporine eye drops, phase 2 clinical trial (NMPA in the PRC)

As at the date of this report, the Group has obtained a total of 89 patent certificates or authorisation letters, which include 68 發明專利 (invention patents), 14 實用新型專利 (utility model patents) and 7 外觀專利 (design patents).

The Group currently has multiple R&D sites located in Zhuhai (PRC), Boston (United States), London (United Kingdom) and Singapore. These sites support our efforts to develop new therapeutics and recruit global talent.

PRODUCTION CAPABILITY

The Group's factory in Zhuhai is fully equipped with production plants for the production of rb-bFGF as active pharmaceutical substance for the Group's flagship biologic formulations. The state-of-the-art BFS production plants in the factory enables the production of preservative-free unit-dose drugs, including Beifushu® unit-dose eye drops.

CONSTRUCTION OF THE SECOND FACTORY IN THE PRC

The Group has started to construct its second factory on 1 January 2020, with the original completion targeted in 2023.

The second factory is being built on a piece of land of about 15,000 square metres located at 珠海高新區科技創新海岸 (Zhuhai Hi-Tech Industrial Park*), with a gross floor area (GFA) of about 58,000 square metres to house the Group's R&D centre, additional manufacturing facility, administrative office and staff hostel. The second factory is within minutes of walking distance from the Group's existing factory.

The overall construction work of the second factory was substantially completed as at the date of this report, although unfortunately the completion has been delayed pending resolution with the main contractor as explained further below.

In November 2021, the main contractor has unilaterally suspended the construction work without a valid reason, which caused undue delay to the completion of the construction. In August 2022, the Group initiated legal proceedings against the main contractor seeking compensation for the breach of contract, and planned to appoint a new main contractor to complete the construction.

In October 2022, the main contractor initiated counter legal proceedings against one of the subsidiaries of the Company seeking compensation for the disputed construction progress payments.

In May 2024, judgement was delivered and the main contractor was ordered by the court to pay approximately HK\$31.1 million to the Group in compensation for the breach of contract. The Group and the main contractor have appealed respectively to the court in July 2024 against the judgement. The Board will keep the shareholders of the Company updated on the development and outcome in due course.

In the meantime, the main contractor was ordered by the court to hand over the construction site back to the Group's control and that the Group is granted permission to proceed with the completion of the construction. The Group is in the process of appointing a new main contractor to undertake the revised targeted completion of the construction in 2025.

LITIGATION WITH 廣西萬壽堂藥業有限公司 (GUANGXI MEDICTOP PHARMACEUTICAL COMPANY LIMITED*) ("GUANGXI MEDICTOP")

In July 2024, one of the subsidiaries of the Company in the PRC received a legal summons from Guangxi Medictop, alleging a breach of certain obligations under the agency agreement pertaining to the exclusive sales of Guangxi Medictop's 伊血安顆粒 (Yi Xue An Granules*). The Group categorically denies these allegations and will vigorously defend its position. The Group is seeking expert legal counsel to guide the relevant response and determine the appropriate course of action to address the claims made in the lawsuit.

As at the date of this report, no hearing has yet been held. The Board will closely monitor the situation and make appropriate announcement(s) when necessary.

FINANCIAL REVIEW

The Group's revenue is chiefly derived from its operations in the PRC and denominated in Renminbi. For the six months ended 30 June 2024, the Group achieved a consolidated turnover of approximately HK\$811.6 million, with a decrease of 9.8% as compared to the same period last year. The decrease is attributable to certain hawkish policies and measures enacted by the PRC regulators in the medical industry. The Group, however, expects that the consequential adversity will be eased off when these policies and measures become familiar (the "Unforeseen Factor").

Correspondingly, the Group's profit decreased by 7.3% to approximately HK\$157.4 million as compared to approximately HK\$169.8 million for the same period last year.

The Group's turnover is primarily made up of Ophthalmology and Surgical (wound care and healing). The core products that are current growth drivers under each segment are:

1. Ophthalmology – Beifushu® series (Beifushu® eye drops, Beifushu® eye gel and Beifushu® unit-dose eye drops), Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops and 適麗順® (Iodized Lecithin Capsules*); and
2. Surgical (wound care and healing) – Beifuji® series (Beifuji® spray, Beifuji® lyophilised powder and Beifuxin® gel), Carisolv® dental caries removal gel, 伢典醫生 (Dr. YaDian) mouth wash, 伊血安顆粒 (Yi Xue An Granules*) and PELNAC™ collagen-based artificial dermis.

The sectoral turnover of Ophthalmology and Surgical is approximately 46.3% and 53.7% of the Group's turnover, respectively. The combined turnover of the Group's flagship biologics, Beifushu® series and Beifuji® series (the bFGF based biologic drugs), represented about 86.4% of the Group's total turnover, of which Beifushu® series and Beifuji® series accounted for 35.4% and 51.0% of the Group's turnover, respectively. The remaining 13.6% of the Group's turnover is mainly contributed by sales of Tobramycin Eye Drops, Levofloxacin Eye Drops, Sodium Hyaluronate Eye Drops, 適麗順® (Iodized Lecithin Capsules*), Carisolv® dental caries removal gel, 伢典醫生 (Dr. YaDian) mouth wash, 伊血安顆粒 (Yi Xue An Granules*) and PELNAC™ collagen-based artificial dermis, collectively.

Composition of turnover for the six months ended 30 June 2024 and 2023, respectively, is shown in the following table:

Expressed in HK\$' million	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Ophthalmology	375.5	381.6
Surgical	436.1	517.8
Total	811.6	899.4

Ophthalmology contributed approximately HK\$375.5 million to the Group's turnover for the six months ended 30 June 2024, representing a decrease of 1.6% as compared to the same period last year. Surgical recorded a total turnover of approximately HK\$436.1 million for the six months ended 30 June 2024, representing a decrease of 15.8% as compared to the same period last year. The decrease was attributable to the Unforeseen Factor.

The distribution and selling expenses for the period under review were approximately HK\$450.3 million as compared to approximately HK\$520.7 million for the corresponding period last year, representing a decrease of 13.5%. Such expenses primarily consisted of remuneration, advertising costs, travelling and transportation costs, costs for the organisation of seminars and conferences for product training and awareness, etc. The decrease was in line with the decrease in turnover for the six months ended 30 June 2024.

The administrative expenses for the period under review were approximately HK\$102.9 million as compared to approximately HK\$101.3 million for the corresponding period last year. The increase in administrative expenses was mainly due to an increase in costs for expansion of operations in the United States and Singapore.

Total expenditures (inclusive of acquired intangible assets) incurred in R&D for the period under review were approximately HK\$53.5 million (For the six months ended 30 June 2023: approximately HK\$90.3 million), representing 6.6% (For the six months ended 30 June 2023: 10.0%) of the turnover, of which approximately HK\$41.1 million (For the six months ended 30 June 2023: approximately HK\$70.1 million) were capitalised.

The Group had cash and cash equivalents of approximately HK\$598.4 million as at 30 June 2024 (31 December 2023: approximately HK\$509.8 million).

The Group's bank borrowings as at 30 June 2024 were approximately HK\$124.7 million (31 December 2023: approximately HK\$91.5 million), among which 31.2% was repayable within 1 year, 39.7% was repayable in more than 1 year but within 2 years and 29.1% was repayable in more than 2 years but within 5 years. All of the Group's bank borrowings as at 30 June 2024 were denominated in Renminbi and bear interest at floating rate. The interest rate of the Group's bank borrowings ranged from 2.8% to 3.5% as at 30 June 2024. Please refer to the sub-section headed "Liquidity and Financial Resources" for details of banking facilities.

The total finance costs of the Group for the period ended 30 June 2024 were approximately HK\$3.4 million (For the six months ended 30 June 2023: approximately HK\$9.4 million), including an imputed interest expense on the convertible loan payable and interest expenses on bank borrowings and lease liabilities amounting to approximately HK\$5.0 million (For the six months ended 30 June 2023: approximately HK\$12.7 million) of which approximately HK\$1.6 million (For the six months ended 30 June 2023: approximately HK\$3.3 million) was capitalised during the period under review.

Convertible Loan from International Finance Corporation ("IFC")

On 6 July 2016, the Company entered into a convertible loan agreement (the "Convertible Loan Agreement") with IFC, being a member of the World Bank Group and an international organisation established by Articles of Agreement among its member countries including the PRC, pursuant to which IFC agreed to lend, and the Company agreed to borrow, a convertible loan in an aggregate principal amount of HK\$150.0 million at an interest rate of 1.9% per annum. Subject to the terms of the Convertible Loan Agreement, IFC has the right to convert all or any part of the outstanding principal amount of the convertible loan into ordinary shares of the Company at a conversion price of HK\$5.90 per share (subject to adjustments as set out in the Convertible Loan Agreement) at any time prior to the maturity date on 2 August 2021.

On 10 July 2020, the Company and IFC entered into an amendment agreement to the Convertible Loan Agreement (the "Amendment Agreement") to extend the maturity date for a period of 3 years to 2 August 2024. Save as amended by the Amendment Agreement, the Convertible Loan Agreement and the terms and conditions of the convertible loan shall continue to be in full force and effect. Please refer to the announcement of the Company dated 10 July 2020 for details.

On 31 July 2024, the Group repaid the outstanding principal amount of the convertible loan in full, together with the accrued interest and the make whole premium, to IFC. Please refer to the announcement of the Company dated 31 July 2024 for details.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, as at 30 June 2024, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group obtained banking facilities of approximately HK\$383.8 million, of which approximately HK\$148.3 million was utilised. Certain of the banking facilities were secured by the corporate guarantees provided by the Company and one of its subsidiaries.

As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$598.4 million as compared to approximately HK\$509.8 million as at 31 December 2023.

The Group monitors its capital structure on the basis of a gearing ratio which is defined as the ratio of total liabilities to total assets. The gearing ratio as at 30 June 2024 was 32.0% (31 December 2023: 32.0%).

CHARGES ON GROUP ASSETS

As at 30 June 2024, no asset (31 December 2023: no asset) was being pledged to secure the Group's banking facilities.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital commitments which amounted to approximately HK\$256.7 million (31 December 2023: approximately HK\$295.3 million).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Save as disclosed in this report, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the period ended 30 June 2024.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this report, the Group did not hold any significant investments as at 30 June 2024.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy to borrow and deposit cash in local currencies to minimise currency risk.

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong Dollar, Renminbi or US Dollar. The Directors are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange risks and therefore no hedging arrangements were made. So long as the linked exchange rate system in Hong Kong with US Dollar is maintained, it is expected that the Group will not be subject to any significant exchange risk. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements as appropriate.

TREASURY POLICY

The Group generally financed its operations with internally generated cash flows, bank and other borrowings. The Group placed these resources into interest-bearing bank accounts opened with the PRC and Hong Kong banks and earned interests in accordance with the PRC and Hong Kong banks rates. Bank deposits were mainly denominated in Renminbi, Hong Kong Dollar and US Dollar.

EMPLOYEES

As at 30 June 2024, the Group had a total of 1,459 full-time employees (31 December 2023: 1,481 full-time employees). The aggregate remuneration of the Group's employees, including that of the Directors for the period under review and the preceding period amounted to approximately HK\$159.4 million and approximately HK\$173.0 million, respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Share options and bonuses are also available to employees of the Group at the discretion of the Directors depending on the financial performance of the Group.

The remuneration of each executive Director has been determined with reference to the time commitment and responsibilities of each executive Director, and to the operating results of the Group and his/her performance in the relevant financial year.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the Company's authorised share capital during the period under review. Please refer to the sub-section headed "Purchase, Redemption or Sale of Listed Securities of the Company" for details of the share repurchase of the Company conducted during the period under review. For the period ended 30 June 2024, there was no grant, exercise, lapse or cancellation of share options (the "Options") under the Company's share option scheme as approved by the shareholders of the Company at the annual general meeting held on 9 June 2023 (the "Scheme"). Details of the Scheme are set out below.

Summary of the Scheme

1. Purpose of the Scheme:
 - (a) To recognise and acknowledge the contributions that the Eligible Participants (as defined below) have (or may have) made or may make to the Group (whether directly or indirectly).
 - (b) To attract and retain and appropriately remunerate the best possible quality of Employees (as defined below) and other Eligible Participants (as defined below).
 - (c) To motivate the Eligible Participants (as defined below) to optimise their performance and efficiency for the benefit of the Group.
 - (d) To enhance its business, employee and other relations.
 - (e) To retain maximum flexibility as to the range and nature of rewards and incentives which the Group can offer to Eligible Participants (as defined below).
2. Participants of the Scheme:
 - (a) any director of the Company or any of its subsidiaries or any employee employed by the Company and/or any of its subsidiaries (whether full time or part time, including persons who are granted options under the Scheme as an inducement to enter into employment contract with any of such companies) ("Category A Participant"); or
 - (b) any director or employee (whether full time or part time) of any of the Company's holding companies, fellow subsidiaries and associated companies ("Category B Participant"); or
 - (c) any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including consultants and advisors of the Company with relevant expertise in fields related to biotechnology and capital market, and investor relations consultants, which could provide insights on areas such as investor relations, market development and promotion, technological trends and innovations, as well as management (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) ("Category C Participant")

(Category A Participant, Category B Participant and Category C Participant collectively referred to as the “Eligible Participants”). The basis of eligibility of any of the above categories of the Eligible Participants to the grant of any right(s) to subscribe for the Share(s) granted pursuant to the Scheme shall be determined by the Board taking into account (i) the experience of the Eligible Participants on the Group’s business; (ii) the length of service of the Eligible Participants with the Group if the Eligible Participant is an employee or a director of the Group; (iii) the actual degree of involvement in and/or cooperation with the Group; and (iv) the amount of support, assistance, guidance, advice, efforts and contribution the Eligible Participant has given or made, or may give or make, towards the success of the Group in the future.

3. (a) The maximum number of Shares in respect of which Options may be granted under the Scheme shall not, in aggregate, exceed 10.0% of the Shares in issue as at the date of approval of the Scheme, i.e. 57,064,900 (the “Scheme Mandate Limit”).
- (b) The maximum number of Shares in respect of which Options may be granted to all Category C Participants under the Scheme shall not, in aggregate, exceed 1.0% of the Shares in issue as at the date of approval of the Scheme and 10.0% of the Scheme Mandate Limit, i.e. 5,706,490.
- (c) Number of Options available for grant under the Scheme as at 30 June 2024 and the date of this report is 57,064,900.
- (d) Number of Options available for grant to Category C Participants under the Scheme as at 30 June 2024 and the date of this report is 5,706,490.
- (e) Number of Shares that may be issued in respect of the Options granted under the Scheme and all other schemes or awards of the Company, if any, during the period under review (i.e. nil) divided by the weighted average number of Shares in issue for the period under review:

Not applicable.
- (f) Total number of ordinary shares of HK\$0.10 each in the capital of the Company available for issue under the Scheme as at the date of this report:

57,064,900 Shares.
- (g) Percentage of the issued share capital that it represents as at the date of this report:

10.05%.

4. Maximum entitlement of each Eligible Participant under the Scheme and all other schemes or awards of the Company, if any:

Not to exceed an aggregate of 1.0% of the Shares in issue in any 12-month period unless approved by shareholders of the Company and meeting the other requirements as stipulated under the Scheme.

5. Period within which the Shares must be taken up under an Option:

Within 10 years from the date on which necessary resolutions in relation to the Scheme have been approved by the shareholders of the Company in general meeting and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the approval for the listing of and permission to deal in the Shares to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the Scheme (i.e. 9 June 2023) (the “Effective Date”) or such shorter period as the Board may determine.

6. Minimum period for which an Option must be vested:

Not less than 12 months, save and except that Options to be granted to a Category A Participant may be subject to a vesting period of less than 12 months (or no vesting period) in the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) grants of Options to a Category A Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants of Options that are made in batches during a year for administrative and compliance reasons;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period 12 months; and
- (e) grants of Options with a total vesting and holding period of more than 12 months.

7. (a) Price payable on application or acceptance of the Option:

HK\$1.00.

- (b) The period within which payments or calls must or may be made:

No offer shall be capable of or open for acceptance after the expiry of ten years from the Effective Date.

- (c) The period within which loans for the purposes of the payments or calls must be repaid:

Not applicable.

8. Basis of determining the exercise price:

The exercise price shall be determined by the Board and notified to each grantee under the offer letter and shall not be less than the highest of:

- (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the relevant Option;
- (b) the average closing price of a Share as stated in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant of the relevant Option; and
- (c) the nominal value of a Share.

9. The remaining life of the Scheme:

Approximately 8.8 years (expiring on 8 June 2033).

* For identification purpose only

ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in shares of the Company:

Name	Capacity	Number of ordinary shares/ underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2024
Ngiam Mia Je Patrick	Beneficial owner and interests of controlled corporations	153,945,667 <i>(Note 1)</i>	27.13%
Fang Haizhou	Beneficial owner	5,244,300 <i>(Note 2)</i>	0.92%
Ngiam Hian Leng Malcolm	Beneficial owner	2,039,000 <i>(Note 3)</i>	0.36%
Yau Lai Man	Beneficial owner	46,000 <i>(Note 4)</i>	0.01%

Notes:

1. (a) 147,279,000 ordinary shares were registered in the name of Ngiam Mia Je Patrick.
(b) 6,666,667 ordinary shares were held by Dynatech Ventures Pte Ltd ("Dynatech") which was wholly owned by Essex Investment (Singapore) Pte Ltd ("Essex Singapore"). Since Essex Singapore is owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares, Ngiam Mia Je Patrick was deemed to be interested in these shares under the SFO as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.
2. 5,244,300 ordinary shares were registered in the name of Fang Haizhou.
3. 2,039,000 ordinary shares were registered in the name of Ngiam Hian Leng Malcolm.
4. 46,000 ordinary shares were registered in the name of Yau Lai Man.

Save as disclosed above, as at 30 June 2024, none of the Directors and the chief executive of the Company had any interest and short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 30 June 2024, the following persons or entities, other than a Director or chief executive of the Company had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company:

Name	Capacity	Number of ordinary shares/ underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2024
Ngiam Mia Kiat Benjamin	Beneficial owner and interests of controlled corporations	152,020,667 <i>(Note 1)</i>	26.79%
Lauw Hui Kian	Family interest	153,945,667 <i>(Note 2)</i>	27.13%

Notes:

1. (a) 145,354,000 ordinary shares were registered in the name of Ngiam Mia Kiat Benjamin.
- (b) 6,666,667 ordinary shares were held by Dynatech which was wholly owned by Essex Singapore, which in turn was owned by Ngiam Mia Je Patrick and Ngiam Mia Kiat Benjamin in equal shares. Therefore, Ngiam Mia Kiat Benjamin was deemed to be interested in these shares under the SFO as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.
2. Lauw Hui Kian is the spouse of Ngiam Mia Je Patrick (an executive Director). Lauw Hui Kian was deemed to be interested in 153,945,667 shares in which Ngiam Mia Je Patrick was interested/deemed to be interested under the SFO.

Save as disclosed above, as at 30 June 2024, no other persons or entities (other than the Directors and chief executive of the Company whose interests are set out under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, the Company repurchased 35,000 of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company as at the date of this report. The total amount paid for the repurchases of HK\$82,800 was paid wholly out of retained profits of the Company. Details of those transactions are as follows:

Month	Number of shares repurchased	Price per share		Total price paid HK\$
		Highest HK\$	Lowest HK\$	
January 2024	35,000	2.45	2.30	82,800

The repurchase of the Company's shares was effected by the Directors, pursuant to the mandate granted by the shareholders of the Company to the Directors at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the period under review.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including reviewing the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board has resolved on 26 August 2024 to declare an interim dividend of HK\$0.06 (For the six months ended 30 June 2023: HK\$0.045) per ordinary share for the six months ended 30 June 2024 (the "Interim Dividend"), which is payable in cash on Tuesday, 24 September 2024. The Interim Dividend will be paid to shareholders of the Company whose names appear in the Company's register of members at the close of business on Thursday, 12 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 September 2024 to Thursday, 12 September 2024 (both days inclusive) during which period no share transfer will be effected. To qualify for the Interim Dividend, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9 September 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code. Having made specific enquiries with all the Directors, all the Directors have confirmed that they have fully complied with the required standards and provisions as set out in the Model Code throughout the 6-month period ended 30 June 2024.

ON BEHALF OF THE BOARD

Ngiam Mia Je Patrick

Chairman

Hong Kong

26 August 2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ngiam Mia Je Patrick (*Chairman*)
Fang Haizhou (*Managing Director*)
Ngiam Hian Leng Malcolm (*Deputy Managing Director*)
Yau Lai Man

Independent Non-executive Directors

Fung Chi Ying
Yeow Mee Mooi
Yan Man Sing Frankie

AUDIT COMMITTEE

Fung Chi Ying (*Chairperson*)
Yeow Mee Mooi
Yan Man Sing Frankie

REMUNERATION COMMITTEE

Yeow Mee Mooi (*Chairperson*)
Ngiam Mia Je Patrick
Fung Chi Ying
Yan Man Sing Frankie

NOMINATION COMMITTEE

Yeow Mee Mooi (*Chairperson*)
Ngiam Mia Je Patrick
Fung Chi Ying
Yan Man Sing Frankie

CORPORATE GOVERNANCE COMMITTEE

Yeow Mee Mooi (*Chairperson*)
Yau Lai Man
Fung Chi Ying
Yan Man Sing Frankie

COMPANY SECRETARY

Yau Lai Man MBA, ACA, CPA (practising)

AUTHORISED REPRESENTATIVES

Fang Haizhou
Yau Lai Man

AUDITOR

BDO Limited
(*Registered Public Interest Entity Auditors*)

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www.essexbio.com

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shun Tak Centre
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Hong Kong

HEADQUARTER IN ZHUHAI

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Keji 6th Road
Hi-Tech Zone
Zhuhai
Guangdong, China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
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Grand Cayman, KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China
Bank of Communications Co., Ltd.
China Merchants Bank
China Construction Bank
Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

01061