SinoMab BioScience Limited
中國抗體製藥有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 3681)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of SinoMab BioScience Limited (中國抗體製藥有限公司) (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2021 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2020. The condensed consolidated financial statements of the Group for the Reporting Period, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company (the "**Audit Committee**") in conjunction with the Company's external auditor. Unless otherwise specified, figures in this announcement are prepared under the Hong Kong Financial Reporting Standards (the "**HKFRSs**").

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Loss for the period increased by RMB33.6 million from RMB80.8 million for the six months ended 30 June 2020 to RMB114.4 million for the six months ended 30 June 2021, which was mainly due to (i) the increase in costs of business development in research and development ("**R&D**") costs of approximately RMB42.2 million; (ii) the decrease in other income and gains of approximately RMB6.0 million, mainly due to the decrease in recognition of unrealized fair value gain of a financial asset through profit or loss; and offset by (iii) the decrease in administrative expenses of approximately RMB17.1 million, mainly due to no recognition of a non-cash share-based payment under the Company's restricted share units scheme (the "**RSU Scheme**") in the Reporting Period (2020: RMB34.9 million).

- Net cash used in investing activities for the Reporting Period was approximately RMB62.5 million, which was mainly due to (i) the capital expenditures of subsidiaries in Suzhou and Hainan of approximately RMB67.5 million to enhance the Group's production capacity; (ii) the increase in a structured deposit and pledged deposits of approximately RMB71.0 million; (iii) an investment in D2M Biotherapeutics Limited ("**D2M**"), of approximately RMB16.2 million; and offset by (iv) the proceeds from disposal of China Healthcare Fund Segregated Portfolio ("**China Healthcare Fund**") of approximately RMB92.0 million.

- The Directors have resolved not to declare an interim dividend for the Reporting Period.

BUSINESS HIGHLIGHTS

- The Board is excited to announce that, during the Reporting Period, we achieved significant progress with respect to the Group's clinical trial programs, pipeline development and preparation of commercialization, including the following:

  - Our flagship product SM03 – As at the end of the Reporting Period, 408 patients have been enrolled into SM03 Phase III clinical trials for rheumatoid arthritis ("**RA**") and we expect to complete patient enrollment by the end of 2021 at the earliest. SM03 is expected to be commercialized by the second half of 2023. The expected time for commercialization has been rescheduled in accordance with the latest patient enrollments under the impact of coronavirus disease (COVID-19).

  - Our key product SN1011 – An Investigational New Drug ("**IND**") application for the treatment of systemic lupus erythematosus ("**SLE**") for SN1011 was approved by the National Medical Products Administration of the People's Republic of China (the "**PRC**") (the "**NMPA**") on 27 August 2020. The first healthy subject had been successfully dosed in Phase I clinical trial in Shanghai, China on 15 January 2021. An IND application for the treatment of Pemphigus Vulgaris ("**PV**") was also approved by the NMPA on 23 June 2021. SN1011 has completed last subject last visit in a Phase I dose-escalation study in China, in which 71 healthy subjects were enrolled. The Company is initiating Phase II clinical study targeting PV and plans to initiate Phase II clinical study targeting SLE at a later time in the near future.

  - Another key product SM17 – Preparation for IND application has been completed. We are in the progress of compiling the dossier for IND submission in the first quarter of 2022.

  - Other drug candidate SM06 – Process of production is optimizing and filing of SM06 for clinical studies is speeding up. IND approval is expected to be obtained in the second half of 2022 at the earliest.

- Commercialisation Production Base – A land parcel located at the Suzhou Dushu Lake High Education Town was purchased by the Group on 24 June 2020 for building our PRC headquarters, R&D center as well as another important production base. The project has a site area of 43,158 square metres and a total floor area of approximately 75,000 square metres. Upon completion, the production capacity of the production base would be over 32,000 litres. The construction works are progressing steadily and are expected to be completed by late 2022.

- Exploring novel drug targets identification – a research, development and commercialization agreement was entered into between the Company and D2M Biotherapeutics Limited ("**D2M**") on 22 July 2020 for a long-term collaboration for the identification of novel drug targets. Under the collaboration, the Company is entitled to conduct subsequent researches, development and commercialization with regards to qualified drug targets which are chosen by the Company from the original results of D2M's target identification works according to a prioritised target-selection mechanism.

- Investment in D2M – On 22 July 2020, a share purchase agreement was also entered into between the Company and D2M, among others, pursuant to which Ingenious Sino Limited, a wholly-owned subsidiary of the Company, purchased from D2M 27,780,000 series pre-A1 preferred shares, representing 29.24% equity in D2M as at the date of this announcement, at an aggregate purchase price of USD5,000,000. Full payment of the purchase price had been completed on 29 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are the first Hong Kong-based listed biopharmaceutical company dedicated to the research, development, manufacturing and commercialization of therapeutics for the treatment of immunological diseases, primarily monoclonal antibody ("**mAb**")-based biologics. Headquartered in Hong Kong, we strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based R&D and innovation, and PRC-based manufacturing capabilities. We have been dedicated to R&D since our inception, and have built a pipeline of mAb-based biologics and new chemical entities ("**NCE**") addressing indications against a plethora of immunological diseases.

Our flagship product, SM03, is a potential global first-in-target mAb for the treatment of rheumatoid arthritis ("**RA**") and potentially for the treatment of other immunological diseases such as systemic lupus erythematosus ("**SLE**"), Sjogren's syndrome ("**SS**") as well as non-Hodgkin's lymphoma ("**NHL**"), which is expected to be commercialized by the second half of 2023. The expected time for commercialization has been rescheduled in accordance with the latest patient enrollments under the impact of COVID-19.

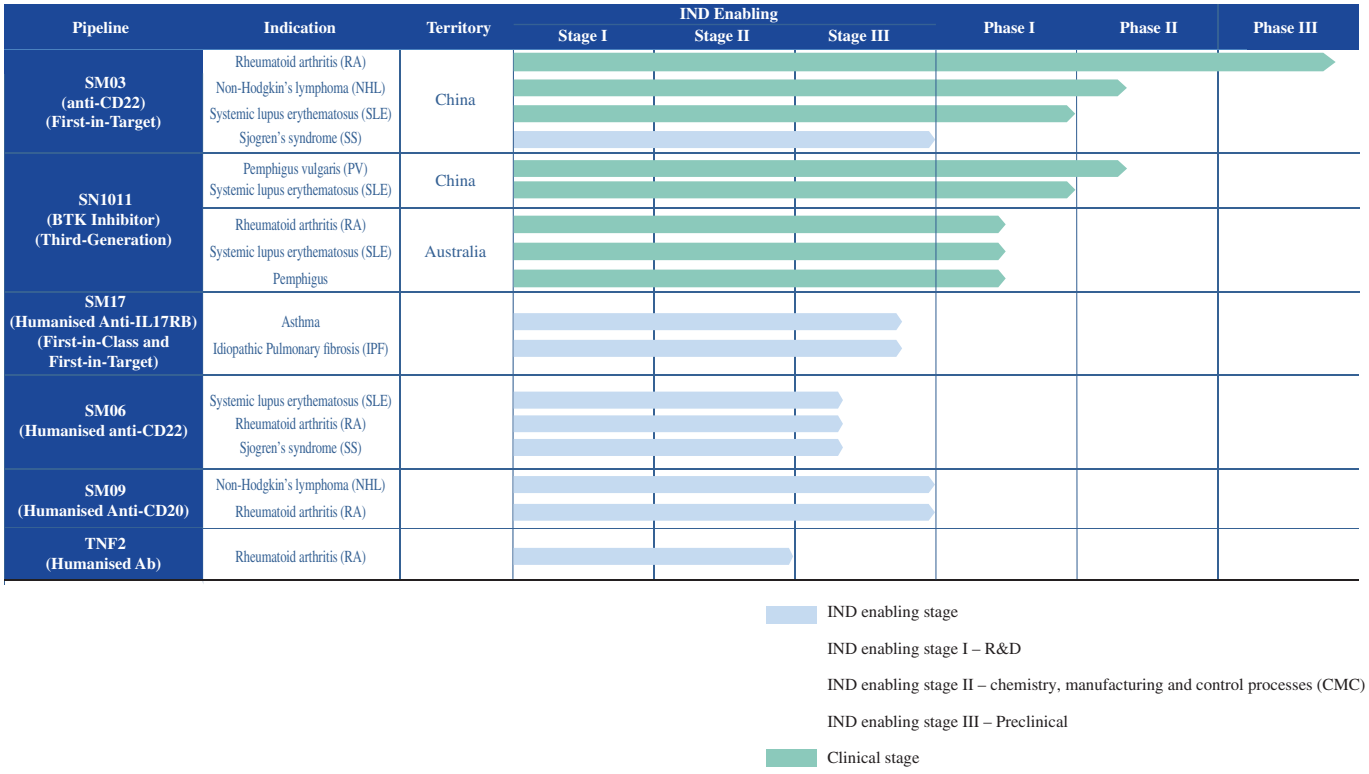
Our key product, SN1011, is a third generation covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor designed for high selectivity and superior efficacy for the long-term treatment of SLE, pemphigus vulgaris ("**PV**"), multiple sclerosis, RA and other immunological diseases. SN1011 is the first BTK inhibitor known for the treatment of PV in China in clinical stage with huge unmet clinical needs. The Company is initiating Phase II clinical study for PV in China and plans to initiate Phase II clinical study for SLE at a later time in the near future.

Another key product, SM17, is a first-in-class and first-in-target humanised anti-IL 17RB antibody for the treatment of asthma and idiopathic pulmonary fibrosis, which we intend to enter into human clinical trials globally by the first quarter of 2022.

Our vision is to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

Progress of clinical projects

Product pipeline



Flagship product

SM03

Our self-developed SM03 is a potential first-in-target anti-CD22 mAb for the treatment of RA and potentially other immunological diseases such as systemic lupus erythematosus ("**SLE**"), Sjogren's syndrome ("**SS**") as well as non-Hodgkin's lymphoma ("**NHL**"). SM03 adopts a novel mechanism of action, which differentiates itself from the current treatments available in the market. SM03 for RA is currently in Phase III clinical trials in China, and we expect it to be our first commercially available drug candidate.

We plan to rapidly advance the development of SM03. As at 30 June 2021, a total of 408 patients have been enrolled into SM03 Phase III clinical trials for RA and treated with the assigned drugs. A Phase III clinical trial interim analysis whose objective was to assess the safety and tolerability profile of patient against existing SM03's safety information was completed in June 2020. Safety data of the Phase III clinical trial interim analysis were generally in line with the results of Phase II clinical trials. We expect to complete patient enrollment for SM03's Phase III clinical trial for RA by the end of 2021 at the earliest, and plan to file our Biologics Licence Application ("**BLA**") with the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**") in the second half of 2022 at the earliest. Such timeframe was extended from the original schedule as a result of the uncertainties brought by coronavirus disease (COVID-19). We also expect to commercialize SM03 by the second half of 2023. The expected time for commercialization has been rescheduled in accordance with the latest patient enrollments under the impact of COVID-19. As reported in our 2020 Annual Report, we planned to file Investigational New Drug ("**IND**") application in the United States for SM06, a humanized version of SM03 with the same mechanism of action of SM03, in response to the strategic planning on the Group's product pipeline development. Therefore, our previously planned bridging clinical study in Australia for SM03 had been replaced by the clinical studies for SM06 to be conducted in the United States. In addition to our efforts to develop SM03 as a therapeutic for RA, we will advance SM03 clinical trials for SLE to broaden the therapeutic uses of SM03 for addressing other unmet medical needs. We expect to initiate Phase II clinical study for SLE in the second half of 2021.

Key products

SN1011

SN1011 is a third generation, covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor designed for higher selectivity, superior efficacy and improved safety for the long-term treatment of SLE, Pemphigus vulgaris ("**PV**"), multiple sclerosis, RA, and other immunological diseases. SN1011 differentiates from existing BTK inhibitors currently available in the market, such as Ibrutinib, in terms of mechanism of action, affinity, selectivity and safety. SN1101 is the first BTK inhibitor known for the treatment of PV in China in clinical stage with huge unmet clinical needs.

With regard to SN1011's Phase I clinical trial in Australia, the Company had been conducting the clinical trials for the evaluation of the safety and tolerability of SN1011 in a group of healthy adult subjects, including both single ascending dose ("**SAD**") and multiple ascending dose ("**MAD**") studies. As at 29 April 2021, a total number of 56 Caucasian subjects were completed in the Phase I Clinical trial, in which 40 subjects enrolled in SAD part and 16 subjects enrolled in MAD part.

With regard to SN1011's clinical study in China, the NMPA approved the Company's IND application for the treatment of SLE on 27 August 2020 and the first healthy subject had been successfully dosed in Phase I clinical study in Shanghai, China on 15 January 2021. An IND application of SN1011 for the treatment of PV was also approved by the NMPA on 23 June 2021. On 23 July 2021, SN1011 has completed last subject last visit in a Phase I dose-escalation study in China, in which 71 healthy subjects were enrolled. None of the subjects reported serious adverse event (SAE) and the product showed well tolerability and safety. Following SN1011 IND approval for PV and SLE, the Company is initiating Phase II clinical study targeting PV in China. The Company also plans to initiate Phase II clinical study targeting SLE at a later time in the near future. Please also refer to the Company's announcements dated 14 November 2019, 29 January 2020, 29 June 2020, 1 September 2020, 15 January 2021, 24 June 2021 and 23 July 2021 for further information about the latest R&D progress of SN1011.

SM17

The parent antibody of SM17 was originally developed to treat eosinophilic asthma via blockage of IL25 binding onto the IL17RB receptor expressed on ILC2. The antibody is specific to IL17RB, which is found to be significantly upregulated in biopsy tissues of asthmatic patients. When evaluated in a murine-based Ovalbumin (OVA)-induced Allergic Asthma Model, blockage of receptor signaling by the antibody enhanced protection against airways resistance, and significantly reduced cell infiltration into the lungs and serum levels of antigen specific immunoglobulin E (IgE). This potential first-in-class and first-in-target antibody was further humanised by the Group's international partner, LifeArc (a medical research charity based in the United Kingdom), using their proprietary humanisation technology. The antibody was later found to exhibit other therapeutic potential, including type II ulcerative colitis and idiopathic pulmonary fibrosis ("**IPF**"). In the latter case, the antibody was demonstrated to significantly reduce pulmonary collagen in mice suffering from bleomycin-induced pulmonary fibrosis. The levels of antibody-induced pulmonary collagen reduction were comparable to such achieved in mice treated with pirfenidone.

We are in the process of generating and collecting the necessary data through our in-house platforms for IND filing. SM17 production process development was completed, and manufacturing of clinical batch for Phase I trials is now under way. Preliminary toxicological studies demonstrated that SM17 is well tolerated at pharmacologically active dose levels in cynomolgus monkeys. Good Laboratory Practice (GLP) compliance toxicological studies are in progress. We are in the process of compiling the dossier for IND submission by the second half of 2021. Meanwhile, we are now conducting in-house proof-of-concept ("**POC**") studies to explore other clinical applications of SM17 on a variety of diseases. Pre-IND meetings with the relevant regulatory agencies in these jurisdictions are planned prior to our IND submissions. We intend to enter into human clinical trials globally by the first quarter of 2022.

Other drug candidates

SM06

SM06 is a second-generation anti-CD22 antibody that is humanised using our proprietary framework-patching technology. SM06 is a humanised version of SM03 with the same mechanism of action of SM03. It is contemplated to be a less immunogenic and more human-like antibody with improved safety profiles. We believe that SM06 will be more suitable for treating chronic diseases requiring long-term administration, such as SLE, RA and other immunological diseases. We are currently in the process of optimising production for SM06 and speeding up the filing of SM06 for clinical studies in the United States. We expect to obtain IND approval in the second half of 2022 at the earliest. Once we commercialize SM03, we will proceed to engage NMPA and/or regulatory authorities of other jurisdictions to initiate clinical trials for SM06.

SM09

SM09 is a framework-patched (humanised) anti-CD20 antibody that targets an epitope different from that of other market-approved anti-CD20 antibodies such as rituximab, obinutuzumab and ofatumumab for the treatment of NHL and RA.

TNF2

TNF2 is a humanised version of infliximab for the treatment of RA. The antibody blocks binding of TNF- α onto its receptors with affinity and specificity comparable to infliximab, and efficiently inhibits TNF- α induced death of L929 cell, which is a murine fibroblast cell line.

Production

We carried out our manufacturing activities at our Haikou production base, where we manufacture our drug candidates for pre-clinical research, clinical trials and future large-scale production. The Haikou production base has a production capacity of 1,200 litres which is sufficient for clinical and initial marketing needs. The plant has an operational area consisting of a clean area for processing, a controlled-not-classified (CNC) area for supporting activities, utility rooms, quality control laboratories, warehouse and administrative offices. During the Reporting Period, the Haikou production base has expanded its total operational area from approximately 4,526 square metres to approximately 19,163 square metres.

Construction of the administrative facilities, testing laboratories and R&D laboratories of our Suzhou base was completed in 2019. The administrative facilities have been in operation since late-2020 for supporting ongoing and new product development projects. To cope with the Company's business development plan in expanding R&D and product development capacity, new research laboratory will be established in the Company's new Suzhou campus. During the Reporting Period, the R&D laboratory is under commissioning and is expected to be fully equipped and be in full operation in the second half of 2021.

As previously reported, the Company, on 24 June 2020, purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, where the Company plans to build its PRC headquarters, an R&D centre as well as another production base, with a total floor area of approximately 75,000 square metres. The foundation works have been completed. The superstructure works have commenced and are expected to be completed by late 2022. Upon completion, the production capacity of the production base would be over 32,000 litres.

Intellectual property

Core technology of main drugs (products)

For SM03, the Company has two invention patents which are registered in the PRC, of which one invention patent is also applicable to SM06, and four invention patents which are registered in the United States, all of which are also applicable to SM06. The Company has two pending patent applications in the United States and one pending patent application in the PRC. The Company has also filed two Patent Cooperation Treaty ("**PCT**") patent applications, both of which are also applicable to SM06, which are currently under review according to PCT procedures.

For SM09, the Company has one invention patent registered in the PRC which is valid until 2026. The Company also holds three invention patents registered in the United States for SM09.

During the Reporting Period, the Company has filed one invention patent application for SM03 with the China National Intellectual Property Administration.

Well-known or famous trademarks

The Company conducts its business under the brand name of "SinoMab" ("中國抗體"). As at the end of the Reporting Period, the Company had various registered trademarks in Hong Kong and the PRC and trademark applications pending approval in the PRC.

Patents

Item	As at 30 June 2021	As at 31 December 2020
Number of invention patents owned by the Company	**21**	20

R&D personnel

Education level	Number at the end of the Reporting Period	Number at the beginning of the Reporting Period
Ph.D.	**7**	7
Master	**17**	11
Undergraduate or below	**23**	7
Total number of R&D personnel	**47**	25

The above number of R&D personnel does not include our employees of manufacturing, quality assurance or quality control for the clinically related operation.

Major government R&D grants, funding, subsidies and tax preference

During the Reporting Period, the Company received a total of three government grants.

Future and prospects

We strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based R&D and innovation, and PRC-based manufacturing capabilities. Our vision is to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

Our portfolio of drug candidates encompasses the entire immunological field which, we believe, will enable us to provide comprehensive treatment options for field-wide indications to patients. We believe our dedication, experience and achievements in the field of immunology have expedited the process, and elevated the industry standard, for the discovery and development of novel therapeutics against a variety of immunological diseases. As a result, we have accumulated significant experience in the discovery of new treatment modalities for immunological diseases, which has allowed us to better capture a substantial share of the immunological disease market. We believe that our strategic specialisation and dedicated focus on immunological diseases is an effective way to differentiate ourselves from our peers. By specialising in innovative treatments of immunological diseases, we seek to solidify our leading position in the field, thereby creating a higher barrier to entry for our peers to compete with us in the development of first-in-target or first-in-class drug candidates.

Further, our product pipeline is backed by our established full-spectrum platform integrating in-house capabilities across the industry chain, for instance, our strong and independent target identification, drug candidate development, pre-clinical research, clinical trials, clinical production, quality control, quality assurance, regulatory approval and commercial-scale production up to the commercialization stage, as well as all other processes in the discovery and development of our drug candidates. We believe that this full-fledged capability is matched only by a few biopharmaceutical companies in the Greater China region.

With a diverse and expanding product pipeline, we believe that we are well positioned to become an industry leader in the development of treatments for immunological diseases.

The Group will continue to focus on the advancement of our flagship product (SM03) towards commercialization, further progress our existing product pipeline, discover and develop novel drugs for the treatment of immunological diseases by leveraging our R&D capabilities, expand our production scale to support our product commercialization and strengthen our global presence through leveraging our position as a Hong Kong-based biopharmaceutical company.

The Company is committed to educating its current and potential investors in respect of the Company's products and pipeline development, for example, through non-deal roadshows.

Clinical development plan

We will continue to advance clinical trials for SM03 for RA and SLE. As previously mentioned, we expect to file our SM03 BLA for RA with the NMPA in the second half of 2022 at the earliest. As mentioned in the preceding paragraph, our previously planned bridging clinical study in Australia for SM03 had been replaced by the clinical studies for SM06 to be conducted in the United States. In terms of the broader indication development, we will advance clinical trials for SLE and possibly other autoimmune diseases.

We will continue the global clinical development programme for SN1011 in the immunological diseases area. On 27 August 2020, the NMPA approved the IND application for the treatment of SLE filed by the Company, and the first healthy subject had been successfully dosed in Phase I clinical study in Shanghai, China on 15 January 2021. An IND application of SN1011 for the treatment of PV was also approved by the NMPA on 23 June 2021. SN1011 has completed last subject last visit on 23 July 2021 in a Phase I dose-escalation study in China. Following SN1011 IND approval for PV and SLE, the Company is initiating Phase II clinical study targeting PV in China. The Company also plans to initiate Phase II clinical study targeting SLE at a later time in the near future.

Further, in respect of SM17, we plan to enter into human clinical trials globally by the first quarter of 2022.

Pre-clinical R&D

The Group's international partner, LifeArc, engaged the Company to co-develop SM17. The Company is in the process of generating and collecting the necessary data for IND filing in respect of SM17, and will thereafter conduct pre-clinical studies to test its efficacies, safety and Pharmacokinetics ("**PK**")/Pharmacodynamics ("**PD**"), and fulfil other regulatory requirements. The Company intends to enter into human clinical trials globally by the first quarter of 2022.

We are currently in the process of optimising production for SM06 and speeding up the filing of SM06 for clinical studies in the United States. We expect to obtain IND approval in the second half of 2022 at the earliest.

The Company continues to optimise production and pre-clinical research for SM09 and TNF2. It is expected that these pre-clinical researches will complete in two years, after which the Company will engage NMPA and/or the United States Food and Drug Administration (FDA) to initiate clinical trials.

Novel drug targets identification

The Company has been actively exploring novel targets identification. The Company has engaged D2M Biotherapeutics Limited ("**D2M**") for a long-term collaboration for the identification of novel drug targets, for which the Company is entitled to conduct subsequent researches, development and commercialization with regards to qualified drug targets which are chosen by the Company from the original results of D2M's target identification works according to a prioritized target-selection mechanism.

Production

The Suzhou administrative arm of which has been in operation since late 2020 for supporting ongoing and new product development projects. The R&D laboratory is under commissioning and is expected to be fully equipped and be in full operation in the second half of 2021.

On 24 June 2020, the Company purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, where the Company plans to build its PRC headquarters, an R&D centre as well as another production base, with a total floor area of approximately 75,000 square metres. The foundation works have been completed. The superstructure works have commenced and are expected to be completed by late 2022. Upon completion, the production capacity of the production base would be over 32,000 litres.

Commercialization

Albeit uncertainties associated with COVID-19, we expect to build up our sales team by 2022. Our commercialization team is expected to cover a majority of provinces and municipalities in China and to support the future commercialization of our drug candidates. We are actively exploring and identifying opportunities for collaboration and/or partnership, including but not limited to licensing in or licensing out, to enhance our sales and business development capabilities.

COVID-19

Where the outbreak of COVID-19 continues and/or worsens, the Company's clinical trial development will continue to be affected. As of the date of this announcement, the pandemic has affected one clinical trial in the PRC, since a number of out-patient clinics have closed temporarily, patients or subjects have generally avoided visiting hospitals and certain hospitals have put on hold the enrollment of patients or subjects for clinical trials. Save as disclosed in this announcement, as at the date of this announcement, all other operations of the Company have been conducted as normal so far, but can be impacted if the pandemic continues.

FINANCIAL REVIEW

Other income and gains

Our other income and gains consist primarily of bank interest income, changes in fair value of a financial asset at fair value through profit or loss, government grants and foreign exchange gain. Total other income and gains were approximately RMB12.7 million for the Reporting Period, representing a decrease of approximately RMB6.0 million from the six months ended 30 June 2020, mainly due to a decrease in recognition of unrealized fair value gain of a financial asset at fair value through profit or loss of approximately RMB6.4 million.

R&D costs

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Laboratory consumable and experiment costs	**70,258**	37,246
Employment costs	**15,113**	7,749
Others	**4,611**	2,821
	89,982	47,816

Our R&D costs mainly include laboratory consumables, experiment costs, employment costs of R&D employees, depreciation of right-of-use assets relating to leases of research facilities, depreciation of research and testing equipment.

For the six months ended 30 June 2021 and 2020, we incurred R&D costs of approximately RMB90.0 million and RMB47.8 million, respectively. The increase in costs of business development in R&D during the Reporting Period was mainly attributable to (i) an increase in laboratory consumable and experiment costs amounting to approximately RMB33.1 million and (ii) an increase in employment costs amounting to approximately RMB7.4 million due to the increase in number of R&D personnel.

Administrative expenses

Our administrative expenses primarily consist of employee costs of administrative personnel, depreciation of right-of-use assets relating to leases of office space, depreciation and amortisation, rental and property management fees, consulting and auditing expenses, legal and other professional advisory service fees, office expenses, transportation costs and others.

For the six months ended 30 June 2021 and 2020, our total administrative expenses were approximately RMB32.9 million and RMB50.0 million, respectively. The decrease was mainly due to (i) no recognition of a non-cash share-based payment under the RSU Scheme in the Reporting Period (2020: RMB34.9 million); and offset by (ii) an increase in the employment related costs for our business expansion of approximately RMB5.7 million; (iii) an increase of depreciation costs of approximately RMB3.9 million due to addition of the right-of-use assets and property, plant and equipment; (iv) an increase in rental and property management fees amounting to approximately RMB1.9 million mainly relating to the short-term lease.

Liquidity and capital resources

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet its future development demands for capital.

As at 30 June 2021, cash and cash equivalents totalled RMB643.1 million, as compared to RMB810.4 million as at 31 December 2020. The net decrease of approximately RMB167.3 million was mainly due to spending on (i) the capital expenditures of subsidiaries in Suzhou and Hainan, of approximately RMB67.5 million; (ii) the purchase of shares under the share award scheme of approximately RMB59.7 million; (iii) an investment in a structured deposit and pledged deposits of approximately RMB71.0 million; (iv) an investment in D2M Biotherapeutics Limited, of approximately RMB16.2 million; (v) the expenses paid for operating activities, of approximately RMB88.9 million; and offset by (vi) the net increase in the bank borrowing of approximately RMB65.1 million; (vii) the proceeds from the disposal of China Healthcare Fund of approximately RMB92.0 million.

The following table sets forth a condensed summary of the Group's interim condensed consolidated statement of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods ended indicated:

	Six months ended 30 June	
	2021	2020
	RMB' 000	*RMB' 000*
	(unaudited)	(unaudited)
Net cash flows used in operating activities	**(88,857)**	(73,924)
Net cash flows used in investing activities	**(62,511)**	(633,666)
Net cash flows used in financing activities	**(7,846)**	(12,814)
Net decrease in cash and cash equivalents	**(159,214)**	(720,404)
Cash and cash equivalents at the beginning of the period	**810,370**	1,200,868
Effect of foreign exchange rate changes, net	**(8,096)**	16,432
Cash and cash equivalents at the end of the period	**643,060**	496,896

	Six months ended 30 June	
	2021	2020
	RMB' 000	*RMB' 000*
	(unaudited)	(unaudited)
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of financial position	**643,060**	1,036,496
Non-pledged time deposits with original maturity of over three months when acquired	**–**	(539,600)
Cash and cash equivalents as stated in the statement of cash flows	**643,060**	496,896

As at 30 June 2021, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Bank borrowings and gearing

As at 30 June 2021, the Group's outstanding bank borrowings of RMB125.5 million (31 December 2020: RMB60.5 million) were denominated in RMB and carried at a variable rate of interest equal to the People's Bank of China RMB Loan Prime Rate plus 0.25%.

The Group monitored capital using gearing ratio. Gearing ratio is calculated using interest-bearing bank borrowing less cash and cash equivalents divided by total equity and multiplied by 100%. During the Reporting Period, the Group always maintained a net cash position.

Pledge of assets

As at 30 June 2021, the pledged deposits of the Group amounted to RMB20,982,000 (31 December 2020: Nil). Details of the pledge of assets of the Group as at 30 June 2021 are shown in the condensed consolidated financial statements contained in the interim report for the six months ended 30 June 2021 of the Company ("**Interim Financial Statements**") to be published on or before 30 September 2021.

Capital commitments

Details of capital commitments of the Group as at 30 June 2021 are shown in the Interim Financial Statements.

Contingent liabilities

As at 30 June 2021, the Group had no contingent liabilities (2020: Nil).

Significant investments held and disposed

During the Reporting Period, the Company held by 775,347.912 units of Class A participating share (the "**Investment**") in the China Healthcare Fund, which is a segregated portfolio of New China Overseas Opportunity Fund SPC ("**New China Overseas**"). The Investment was made by the Company on 22 January 2020 at a cost of HK$78 million. On 4 February 2021, the Company (as seller) and Dragon Capital Special Opportunities SPC for and on behalf of its segregated portfolio named Dragon Capital Special Opportunities 2 SP (as purchaser) entered into a contract to sell the Investment at a consideration of approximately HK$110.6 million (the "**Disposal**"). The Disposal was completed on 18 February 2021 and the Company recognised unrealised gain from change in fair value of the Investment of approximately RMB28.3 million (approximately HK$32.6 million, representing approximately 41.76% return on Investment) for the financial year ended 31 December 2020.

New China Overseas is an open-ended investment company incorporated in the Cayman Islands with limited liability on 17 October 2014 and registered as an exempted segregated portfolio company with the Registrar of Companies of the Cayman Islands.

The Investment served as a corporate investment strategy to maintain and generate possible future income of the Company and was a means to better utilise the Company's current financial resources, and fell under "other general corporate purposes" of the Company's planned use of proceeds from the Company's listing. The Investment matured on 22 January 2021 and could be redeemed since then.

Please refer to the Company's announcements dated 4 February 2021 and 5 February 2021, and the paragraph headed "SIGNIFICANT INVESTMENTS HELD" under "Management Discussion and Analysis" section of the Company's 2020 Annual Report for more details. Save as disclosed, the Company did not hold and dispose of any significant investment with a value greater than 5% of the Company's total assets as at 30 June 2021.

Global offering and use of proceeds

On 12 November 2019, the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company raised net proceeds of HK$1,272.8 million.

Reference is made to the Company's prospectus dated 31 October 2019 (the "**Prospectus**") and announcements dated 22 July 2020 and 14 August 2020.

Details of the planned applications of the net proceeds from the listing (adjusted on a pro-rata basis based on the actual net proceeds) were disclosed in the Prospectus and subsequently revised and disclosed in the Company's announcement dated 22 July 2020. The following table sets out the planned applications of the net proceeds and the actual usage up to 30 June 2021.

Use of proceeds	Planned applications (Note 1) *(HK$ million)*	Actual utilisation up to 30 June 2021 *(HK$ million)*	Unutilised net proceeds as at 30 June 2021 *(HK$ million)*	Expected timeline for full utilisation of the unutilised net proceeds (Note 2)
For the R&D and commercialization of our drug candidates				
For the R&D and commercialization of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; (ii) additional clinical trials to be initiated in the PRC for additional indications; (iii) clinical trials in Australia and the United States; and (iv) New Drug Application registration filings and the commercial launch of SM03	190.9	135.0	55.9	By the end of 2023
To fund pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline	279.4	115.6	163.8	By the end of 2023
To further advance our R&D programmes, expand our R&D team, build our commercialization team, develop our proprietary technology and enhance our full-spectrum platform	42.4	42.3	0.1	By the end of 2021
For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio	84.9	51.1	33.8	N/A (Note 3)
For the construction of our Suzhou production base primarily for the commercial-scale production of our core product SM03				
For the purchase of laboratory equipment, primarily for the R&D of SM03 and potentially for the R&D of other products in our pipeline	85.8	11.2	74.6	By the end of 2021
For the purchase of manufacturing equipment, primarily for the production of SM03	59.7	–	59.7	By the end of 2021

Use of proceeds	Planned applications (Note 1) (HK$ million)	Actual utilisation up to 30 June 2021 (HK$ million)	Unutilised net proceeds as at 30 June 2021 (HK$ million)	Expected timeline for full utilisation of the unutilised net proceeds (Note 2)
For the construction of the Suzhou production base				
For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of rheumatoid arthritis, systemic lupus erythematosus, non-Hodgkin's lymphoma and other potential indications, R&D of SM03 at commercialization to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline	107.6	22.3	85.3	By the end of 2022
For the construction of an upstream production facility and downstream purification facility	88.2	–	88.2	By the end of 2022
For the purchase of land from the Suzhou Dushu Lake Higher Education Town and other expenses related to the expansion of our Suzhou production base	167.9	58.2	109.7	By the end of 2022
For our working capital, expanding internal capabilities and other general corporate purposes	127.2	84.2	43.0 (Note 4)	N/A
Collaboration with D2M Group	38.8	38.8	–	By the end of 2023
Total	1,272.8	558.7	714.1	

Notes:

(1) Planned applications as revised and disclosed in the Company's announcements dated 22 July 2020 and 14 August 2020.

(2) The expected timeline for utilising the unutilized net proceeds is based on the best estimation made by the Group. It is subject to change based on the future development and events which may be outside of the Group's control.

(3) As the discovery and development of new drug candidates not currently in pipeline is a continuous and ongoing process, the Company is unable to set out a detailed timeline for the utilisation of such net proceeds.

(4) Costs of HK$78.0 million for the Investment in China Healthcare Fund were returned to this planned application. As disclosed in the Company's announcement dated 4 February 2021 and the 2020 Annual Report, the Investment was disposed of at a consideration of approximately HK$110.6 million. Please refer to the preceding paragraph headed "Significant investments held and disposed" in this section to this announcement for more details.

Such utilisation of the net proceeds was in accordance with the planned applications as set out in the above. The unutilised portion of the net proceeds will be applied in a manner consistent with the above planned applications.

Connected Transaction

As reported in the Company's 2020 Annual Report, a subscription agreement (the "**Subscription Agreement**") was entered into on 22 December 2020 between the Company (the issuer) and Haiyao International Group Limited (the "**Investor**") in respect of the subscription by the Investor for convertible bonds in an aggregate principal amount of HK$100,000,000 ("**Convertible Bonds**").

The Investor is a wholly owned subsidiary of Hainan Haiyao Co.,Ltd. ("**Haiyao**"), a substantial shareholder of the Company. Therefore, the Investor is a connected person of the Company. As at the date of the Subscription Agreement, Haiyao held 158,882,115 shares of the Company, representing approximately 15.79% equity interests in the Company.

Accordingly, the Subscription Agreement and the transactions thereunder constituted a connected transaction of the Company and were subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). At the extraordinary general meeting of the Company held on 19 February 2021, the issue of convertible bonds upon the terms and conditions of the Subscription Agreement was approved by the independent shareholders of the Company.

On 22 June 2021, the Board announced that as certain conditions precedent have not been fulfilled or waived as of the long stop date, the Subscription Agreement has lapsed and the Convertible Bonds will not be issued under the Subscription Agreement.

Details of the Subscription Agreement and the proposed issue of the Convertible Bonds, and the lapse of the proposed issue of Convertible Bonds were disclosed in the announcements of the Company dated 22 December 2020, 14 January 2021 and 22 June 2021 and the circular of the Company dated 27 January 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with each of the Directors, all the Directors confirmed that they had complied with such code of conduct throughout the Reporting Period and to the date of this announcement.

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS

The financial information relating to the year ended 31 December 2020 included in this preliminary results announcement does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

- The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2020. The auditor's reports was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential to providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2021.

The Board is of the view that during the six months ended 30 June 2021, the Company has complied with all applicable code provisions as set out in the CG Code, save for the deviation as disclosed below.

Pursuant to code provision A.2.1 in the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Shui On LEUNG ("**Dr. Leung**") is currently both the chairman and the chief executive officer of the Company. The Board believes that Dr. Leung is the Director best suited, among all Directors, to identify strategic opportunities and focus in view of his extensive understanding of the Company's business as a founder and the chief executive officer. The Board further believes that the combined role of chairman and chief executive officer will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) decisions to be made by the Board require approval by at least a majority of the Directors; (ii) Dr. Leung and the other Directors are aware of and have undertaken to fulfill their fiduciary duties as Directors, which require, amongst other things, that they act for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is protected by the operations of the Board, which consists of an executive Director (Dr. Leung), six non-executive Directors and four independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategies and other key business, financial, and operational policies of the Company are made collectively after thorough discussions at both the Board and senior management levels. Therefore, the Board considers that it is in the best interests of the Group for Dr. Leung to take up both roles for business development and effective management, and the deviation from the code provision A.2.1 in the CG Code is appropriate in such circumstances.

Save as disclosed in this announcement, from 1 January 2021 to 30 June 2021, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix 16 to the Listing Rules.

INTERIM DIVIDENDS

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2021 (2020: nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	**2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
Other income and gains		**12,745**	18,659
Research and development costs		**(89,982)**	(47,816)
Administrative expenses		**(32,861)**	(50,030)
Finance costs		**(2,499)**	(1,524)
Other expenses, net		**(138)**	(129)
Share of loss of an associate		**(1,668)**	–
LOSS BEFORE TAX		**(114,403)**	(80,840)
Income tax expenses	*3*	**–**	–
LOSS FOR THE PERIOD		**(114,403)**	(80,840)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*4*	**0.11**	0.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(114,403)**	(80,840)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation to the presentation currency	**(9,331)**	17,807
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(123,734)**	(63,033)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	**30 June 2021** ***RMB'000*** **(unaudited)**	31 December 2020 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**143,409**	101,093
Right-of-use assets		**89,546**	44,830
Investment in an associate		**29,922**	31,897
Other intangible assets		**248**	–
Deposits		**2,457**	1,391
Other non-current assets		**38,382**	15,958
Total non-current assets		**303,964**	195,169
CURRENT ASSETS			
Prepayments, deposits and other receivables		**21,417**	30,926
Financial asset at fair value through profit or loss	*6*	**50,245**	93,058
Pledged deposits		**20,982**	–
Cash and cash equivalents		**643,060**	810,370
Total current assets		**735,704**	934,354
CURRENT LIABILITIES			
Other payables and accruals		**33,141**	44,674
Lease liabilities		**9,795**	9,130
Interest-bearing bank borrowing		**5,000**	5,000
Total current liabilities		**47,936**	58,804
NET CURRENT ASSETS		**687,768**	875,550
TOTAL ASSETS LESS CURRENT LIABILITIES		**991,732**	1,070,719
NON-CURRENT LIABILITIES			
Lease liabilities		**67,585**	28,247
Interest-bearing bank borrowing		**120,543**	55,461
Total non-current liabilities		**188,128**	83,708
Net assets		**803,604**	987,011

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
30 June 2021

	Notes	**30 June 2021** ***RMB'000*** **(unaudited)**	31 December 2020 *RMB'000* (audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*7*	**1,679,126**	1,679,126
Reserves		**(875,522)**	(692,115)
Total equity		**803,604**	987,011

NOTES

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

The financial information relating to the year ended 31 December 2020 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2020. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform-Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

Except for amendments of HKFRS 16 which do not have significant impact to the Group, the nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group has interest-bearing bank borrowing denominated in Renminbi ("**RMB**") based on the People's Bank of China RMB Loan Prime Rate ("**LPR**") as at 30 June 2021. Since the interest rate of the borrowing was not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rate of the borrowing is replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of the borrowing when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

3. INCOME TAX

No Hong Kong profits tax has been made as the Company did not generate any assessable profit during the period (six months ended 30 June 2020: Nil).

Under the Law of the PRC of Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the estimated tax rate of the Group's PRC subsidiaries is 25% during the periods presented in the interim condensed consolidated financial statements. No PRC Enterprise Income Tax was provided for as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the interim condensed consolidated financial statements.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

4. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share for the six months ended 30 June 2021 is based on the unaudited consolidated loss for the period attributable to ordinary equity holders of the parent of RMB114,403,000 (six months ended 30 June 2020: RMB80,840,000), and the weighted average number of ordinary shares of 1,001,741,519 (six months ended 30 June 2020: 1,006,240,400) in issue during the period as adjusted to exclude the shares held under the share award scheme of the Company.

Diluted earnings per share equals to basic earnings per shares as there were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

5. DIVIDENDS

No dividend was paid or declared by the board of directors of the Company in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**30 June 2021 *RMB'000* (unaudited)**	31 December 2020 *RMB'000* (audited)
Structured deposit	*(i)*	**50,245**	–
Unlisted investment, at fair value	*(ii)*	**–**	93,058
		50,245	93,058

Notes:

(i) On 14 May 2021, the Company bought a structured deposit with maturity date of 14 July 2021 amounting to RMB50,000,000. The structured deposit is principal-protected and a minimum rate of return is guaranteed. It is stipulated that the interest rate of the structured deposit is determined by whether the exchange rate meets the specified condition mentioned in the contract on a daily basis. The interest of a structured deposit depends on the performance of a specific benchmark. The structured deposit was mandatory to be classified as financial asset at fair value through profit or loss as its contractual cash flows were not solely payments of principal and interest.

(ii) On 22 January 2020, the Company made an investment amounting to HKD78,000,000 in China Healthcare Fund, which is a segregated portfolio of New China Overseas Opportunity Fund SPC.

On 4 February 2021, the Company (as seller) and Dragon Capital Special Opportunities SPC for and on behalf of its segregated portfolio named Dragon Capital Special Opportunities 2 SP (as purchaser) entered into a contract whereby the Company agreed to sell 775,347.912 units of class A participating shares in China Healthcare Fund (which is a segregated portfolio of New China Overseas Opportunity Fund SPC) at a consideration of HKD110,572,000 (equivalent to RMB92,046,000), representing the net asset value of 775,347.912 units of class A participating shares in China Healthcare Fund as at 31 December 2020. The disposal was completed on 18 February 2021.

7. SHARE CAPITAL

	30 June 2021 *RMB'000*	31 December 2020 *RMB'000*
Issued and fully paid:		
1,006,240,400 (2020: 1,006,240,400) ordinary shares	**1,679,126**	1,679,126

REVIEW OF INTERIM RESULTS

The independent auditor of the Company, Ernst & Young, has reviewed the interim financial information in accordance with the 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.

The Audit Committee currently comprises four independent non-executive Directors being Mr. Ping Cho Terence HON (Chairman), Mr. George William Hunter CAUTHERLEY, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER. Dr. Chi Ming LEE was appointed as a member of the Audit Committee with effect from 15 June 2021. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended 30 June 2021) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

PUBLICATION OF CONDENSED CONSOLIDATED INTERIM RESULTS AND 2021 INTERIM REPORT ON WEBSITES OF STOCK EXCHANGE AND COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinomab.com). The 2021 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of
SinoMab BioScience Limited
Dr. Shui On LEUNG
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 23 August 2021

As at the date of this announcement, the executive Director is Dr. Shui On LEUNG, the non-executive Directors are Dr. Haigang CHEN, Mr. Xun DONG, Mr. Senlin LIU, Ms. Wenyi LIU, Mr. Huiyuan MA and Mr. Jing QIANG, and the independent non-executive Directors are Mr. George William Hunter CAUTHERLEY, Mr. Ping Cho Terence HON, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER.