Immunotech Biopharm Ltd

永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

	For the six months ended 30 June		
	2021	2020	Change
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	(unaudited)	
Other income	**6,435**	975	560.0
Other gains and losses, net	**(2,471)**	2,878	(185.9)
Fair value loss of convertible redeemable preference shares	**–**	(19,415)	(100.0)
Administrative expenses	**(42,153)**	(27,247)	54.7
Research and development expenses	**(107,321)**	(94,955)	13.0
Finance costs	**(1,503)**	(1,117)	34.6
Listing expenses	**–**	(35,004)	(100.0)
Other expenses	**(591)**	(182)	224.7
Loss before tax	**(147,604)**	(174,067)	(15.2)
Income tax expense	**–**	–	–
Loss and total comprehensive expenses for the period	**(147,604)**	(174,067)	(15.2)
Loss and total comprehensive expenses for the period attributable to:			
Owners of the Company	**(147,296)**	(174,019)	(15.4)
Non-controlling interests	**(308)**	(48)	541.7
	(147,604)	(174,067)	
Loss per share	***RMB***	*RMB*	
– Basic	**(0.29)**	(0.46)	
– Diluted	**(0.29)**	(0.46)	

	At 30 June 2021 ***RMB'000*** **(unaudited)**	At 31 December 2020 *RMB'000* (audited)	Change *(%)*
Non-current assets	**476,610**	326,506	46.0
Current assets	**620,690**	883,723	(29.8)
Current liabilities	**43,906**	31,617	38.9
Net current assets	**576,784**	852,106	(32.3)
Non-current liabilities	**47,526**	49,764	(4.5)
Net assets	**1,005,868**	1,128,848	(10.9)

The Board of the Company hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2021, together with the comparative figures for 2020, as follows:

CORPORATE PROFILE

Overview

We are a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for almost 15 years. EAL® – our Core Product Candidate – is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application and has shown efficacy in the treatment of various types of cancer. Our EAL®– related research began in 2006, and we have improved upon our cell culture system and methods, and developed our proprietary, patented technology platform for the production of EAL® cells.

We have selected the prevention of postsurgical recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. We plan to submit the application for the commercialisation of EAL® in the PRC market after achieving statistically significant result for its clinical trials.

Our product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL®, our main product candidates include 6B11, the CAR-T cell series and the TCR-T cell series.

Composed of experienced cancer immunologists, our core technology team is equipped with industry foresight and sensitivity. Our R&D organisational structure encompasses early research, pre-clinical studies, clinical studies, and commercialised production and management, allowing for rapid implementation of our product R&D efforts.

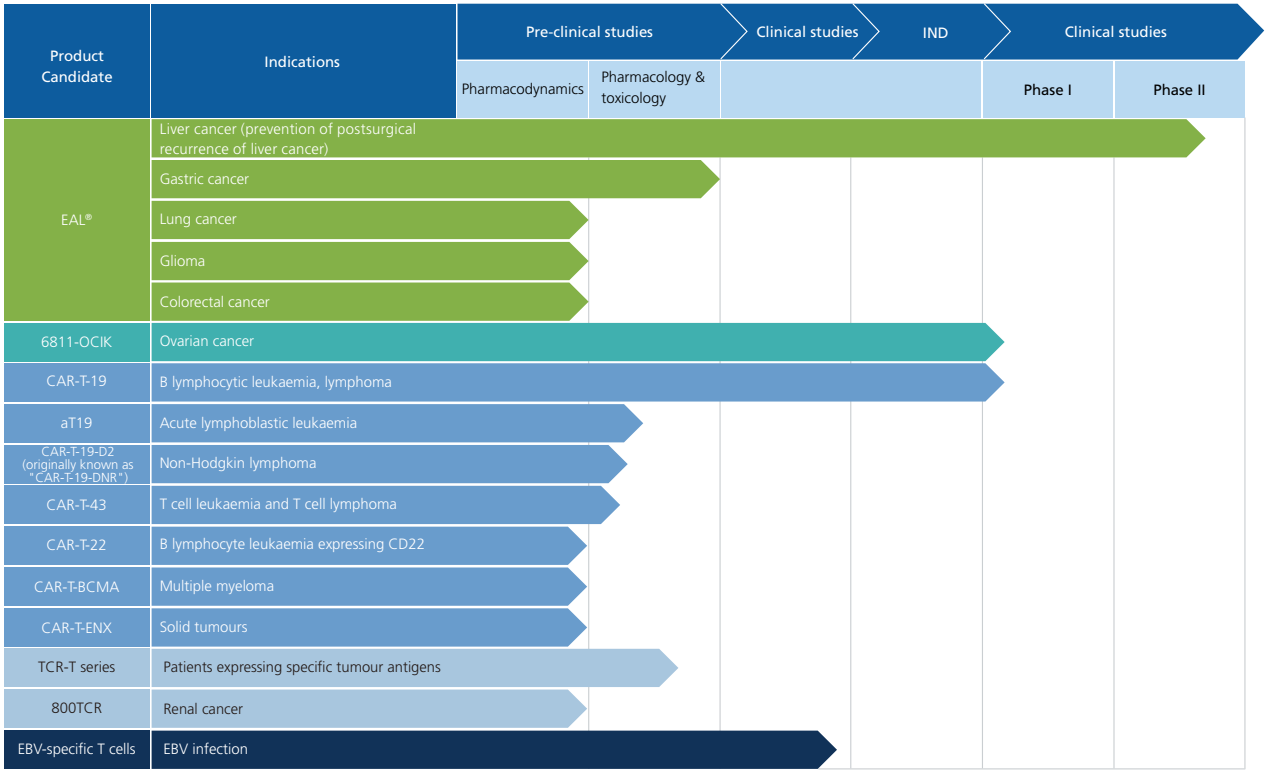
We have also established technology platforms necessary for the R&D of cellular immunotherapy products and in place an organisational and management platform for clinical trials.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Research and development of our product candidates

The table sets out below is an overview of our product candidates and their R&D status as at the date of this announcement:



Cautionary statement required by Rule 18A.08(3) of the Listing Rules: We may not be able to ultimately develop and market our product candidates (including our Core Product Candidate) successfully.

EAL®

EAL® is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using our patented methods. The main active component of the product is CD8+ cytotoxic T cells, whose surface marker is the CD3 molecule.

EAL® is undergoing Phase II clinical trial with the postsurgical recurrence of liver cancer selected as the clinical indication. Based on our communications with the CDE, we may apply for marketing approval for EAL® indicated for the prevention of postsurgical recurrence of liver cancer using the interim results of the ongoing clinical trial or the final results at the end of the clinical trial if such results are statistically significant. We may further communicate with the CDE to facilitate the assessment after obtaining clinical trial results that support the efficacy of EAL®.

As at the date of the announcement, the Company has completed the enrollment of 272 targeted patients required for the Phase II clinical trial. Based on the current progress of the Phase II clinical trial, the Company's management is confident that it will finish the interim data analysis as early as the fourth quarter of 2021 and submit pre-NDA meeting application for the product to the NMPA.

CAR-T cell product pipeline

The CAR-T-19 series forms the core of our CAR-T cell product pipeline. Our CAR-T-19 injection product candidate has shown efficacy in a clinical study, and our IND application for the product candidate with B-cell acute lymphoblastic leukaemia (B-ALL) as the clinical indication was accepted for processing by the CDE in August 2019.

In December 2020, we received an approval of the IND for clinical trials of CAR-T-19 injection from the CDE. Following the IND approval, the Company has commenced Phase I clinical trial process for the CAR-T-19 Injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing on 25 February 2021. On 10 June 2021, the Company completed its first patient enrollment for its Phase I clinical trial in the PRC. It is expected that the targeted patient enrollment will complete in the first quarter of 2022 and publish the preliminary analysis and results in 2022.

Based on the technology of the CAR-T-19 injection, our CAR-T-19-D2 (originally known as "CAR-T-19-DNR") injection and aT19 injection product candidates have the ultimate goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence. If verified, the technology underlying these two product candidates may be used in the genetic modification of other CAR-T and TCR-T cell products targeting solid tumours.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. We use our established single-cell sequencing-based technology platform to obtain different HLA-restricted T cell receptor (TCR) coding sequences for specific antigens. Subsequently, the TCR genes are inserted into our self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model. In this way, we hope to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA can be recognised.

With a view to overcoming the immunosuppressive mechanisms of tumours, we have constructed expression vectors that co-express TCR and CXCR3, IL-12, or TGF – ß DNR, and we plan to use transplanted tumour models to investigate their effects on the therapeutic effect of TCR-T cells, thereby laying the foundation for the development of the next generation of TCR-T cell products for the treatment of solid tumours.

We have a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target antigens including the cancer-testis antigen or cancer-placental antigen such as NY-ESO-1, and antigens derived from viruses such as EBV and HPV.

We entered into the License Agreement with T-Cure on 11 January 2021. With the exclusive license in relation to retroviral-vectored TCR-based immunotherapy for renal cell carcinoma in HLA A-11 restricted human patients that was granted to us, we will gain an advantage in treatment of renal cell carcinoma indication in the PRC.

6B11-OCIK Injection

6B11-OCIK Injection is an injection of Ovarian Cancer Autologous Cytotoxic T Lymphocyte.6B11 is the monoclonal anti-idiotypic antibody ("**6B11**") prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9. The use of 6B11 can induce specific anti-ovarian cancer humoral and immune cells in vitro, which can be cultured and proliferated in vitro (6B11-OCIK Injection) and infused back to the subject to achieve the purpose of specifically killing tumour cells.

Phase I clinical trial of our biologic product for treatment of overian cancer, namely the 6B11-OCIK Injection, is expected to resume in as early as the fourth quarter of 2021, based on recent discussions with the CDE. We plan to complete the enrollment of all targeted subjects required for the Phase I clinical trial as early as the second half of 2022.

The Group's facilities

We have a total area of approximately 13,640 square metres for a R&D and manufacturing centre in Beijing, which includes a quality inspection building and clean laboratory. Such facilities are capable of supporting our pre-clinical and clinical R&D of cellular immunotherapy product candidates, as well as the early production needs upon marketing approval for our product candidates. All these facilities have been issued clean facility (area) inspection reports by the Beijing Institute for Drug Control. Our Guosheng Laboratory in Beijing has the capacity to handle approximately 40,000 samples per year, and can satisfy the needs from the clinical trials for our product pipeline for two to three years, as well as the early production needs from the commercialisation of EAL®. In addition, we have established a research centre in Korea primarily focusing on the development of new technologies relevant to our business.

In order to expedite our clinical trials and prepare for future commercialisation roadmap, we are planning to establish R&D and production centres in cities that cover densely-populated areas in China in view of the six-hour transportation radius for EAL®; namely:

- Northern China region: on 17 June 2021, the commencement ceremony for the construction of the R&D and Industrialisation Base (as defined below) took place, which marked the official launch of the construction project of the Group's R&D and Industrialisation Base in Beijing. The expected investment for the Beijing production centre would amount to approximately RMB1.2 billion, which is expected to be financed by a bank loan. After completion, it is expected to reach an annual production capacity of over 200,000 batches of cells, covering the domestic Northern and Northeast markets in China.

- Eastern China region: in February 2021, we, through Beijing Yongtai, entered into a cooperation framework agreement with the Shaoxing Binhai New Area Management Committee* (紹興濱海新區管理委員會) with a view to, among others, establishing the proposed research and development and production centre of EAL® for the Eastern China region, the proposed joint establishment of academician workstations with universities and research institutions in the PRC, the proposed land development regarding the project and the proposed establishment of the Industry Fund, targeted at investments in the upstream and downstream industrial chain of, among other things, cellular immunotherapy. At present, the total investment for the project is expected to be approximately RMB1.0 billion. The first phase of construction of proposed research and development and production centre of EAL® for the Eastern China region is expected to complete within 24 months after obtaining the relevant land title certificate.

- Southern and Western China regions: we are conducting site evaluation for EAL® commercialisation purposes in the Pearl River Delta region and Sichuan-Chongqing region and expects to finalise its plan as early as the fourth quarter of 2021.

Quality assurance

We have formulated our quality management documentation in accordance with GMP, covering production process procedures, product quality standards, equipment and facilities operation procedures, inspection procedures, sample retention and sampling management procedures, personnel training, environmental monitoring, verification and confirmation, deviation inspection, and quality risk control management procedures. We have standardised the selection, purchase, inspection, release, production process, inspection process, product storage, and transportation of the materials used in the products to ensure full compliance with relevant laws and regulations and GMP requirements. Under our quality management procedures, final products can be released only after quality inspection in order to ensure that the products meet the relevant standards and intended use.

In particular, the production of EAL® has achieved standardisation, and we have developed comprehensive standards in relation to the production process in order to ensure that the product is of consistent quality.

To ensure that our final products meet quality standards, all quality issues during the production process are documented, escalated to, and reviewed by senior management. We also conduct a formal risk assessment and justification in accordance with the standards and procedures under our quality management system and policies.

The head of our quality department reports directly to our CEO. There are four sub-teams within the quality department responsible for quality assurance, quality control, R&D quality management and molecule test respectively. As at 30 June 2021, we had 116 staff members in our quality department.

Future and outlook

Expedite the clinical trial and prepare for commercialisation of EAL®

We plan to further increase investment into expanding the geographical regions in which to conduct the ongoing Phase II clinical trial for EAL®, with a view to expediting patient enrolment and data collection, and at the same time preparing for future commercialisation.

Cellular immunotherapy products are subject to diminishing cell activity once taken out of the laboratory. As at the date of this announcement, we have confirmed the sites in Beijing and Shaoxing to construct production centres. We are planning to establish R&D and production centres in cities that densely-populated areas in China in view of the six-hour transportation radius for EAL®. After establishing our presence in Beijing, Shaoxing and Shenzhen, we plan to build production centres in other major cities such as Chengdu, Wuhan, Xi'an and Shenyang.

The first patient for the Phase II clinical trial for EAL® was enrolled in September 2018, and all the 272 targeted patients required for the Phase II clinical trial had been enrolled as at the date of this announcement. Based on the current progress of the Phase II clinical trial, the Company's management is confident that it will finish the interim data analysis as early as the fourth quarter of 2021 and submit pre-NDA meeting application for the product to the NMPA.

Expedite the research into the expansion of indications for EAL®

We intend to initiate clinical research on the expansion of indications for EAL®. Several clinical studies have shown the efficacy of EAL® in the treatment of various types of tumours other than liver cancer. After obtaining the marketing approval for EAL®, we plan to expand its clinical indications to diseases such as gastric cancer, lung cancer, and acute myeloid leukaemia. As at the date of this announcement, the pharmacodynamics study has been completed and the pharmacology and toxicology studies on gastric cancer are in progress. The Company expects to submit the clinical study application on gastric cancer to the CDE in 2021 after completing the pre-clinical study.

According to the clinical application data of Guoqing Zhang et al from Chinese PLA General Hospital (中國人民解放軍總醫院), in respect of 84 patients with stage IIIc-IV gastric cancer consisting of 42 patients who received more than six EAL® infusions and 42 patients with concurrent control, the overall survival (OS) of the EAL®– treated group was 27.0 months, while that of the control group was 13.9 months. In another study by Zhang et al on small cell lung cancer, there were 32 patients consisting of 16 for the EAL®– treated group and 16 for the control group. The patients in the EAL®– treated group were each treated with more than six EAL® infusions, and the OS in the EAL®– treated group was numerically longer than that in the control group.

Advance the pre-clinical studies for pipeline products, and accelerate their entry into clinical trials

We plan to continue to invest into our CAR-T and TCR-T cell product pipelines. In particular, pharmacodynamic studies have been completed in respect of our CAR-T-19-D2 (originally known as "CAR-T-19-DNR"), and aT19 product candidates and they are targeted to enter clinical trials in 2022.

In the area of overcoming the immunosuppressive mechanisms of tumours, we intend to continue our research into multiple genetic modification methods aiming at affecting the signal pathway for T cells, with a view to increasing the T cells' efficacy in killing tumour cells. We expect that CAR-T-19-D2 (originally known as "CAR-T-19-DNR"), which targets immunosuppressive molecule TGF-ß, will be our first product candidate to enter into clinical study. We plan to validate the product candidate's primary safety and efficacy a researcher-initiated clinical study programme and the programme has been granted the ethical approval by the China Ethics Committee of Registering Clinical Trials.

Targeting at prevention of recurrence after cellular immunotherapy, we are conducting R&D on therapeutic strategies adopting different immune mechanisms and different immune cells, to achieve effective induction of tumour antigen-specific immunological memory cells and long-term remission of tumours. Our first product candidate in this category is the aT19 injection.

Enhance our technology platform and strengthen our product pipeline

We will be committed to continuing our studies on cellular immunotherapy products appropriate for different tumour types and stages with improved efficacy compared to currently-available products.

In the area of solid tumours caused by oncogenic viruses such as nasopharyngeal cancer (EBV) and cervical cancer (HPV), we are conducting research into TCR-T cell products targeting at solid tumour cells expressing virus antigens.

In the area of neoantigens formed from tumour mutations in solid tumours, we intend to identify antigen-specific TCRs suitable for different individuals, with a view to ultimately constructing a gene database for TCRs targeting of tumour neoantigens in an effort to conduct research into molecule-specific TCR-T cell products for the treatment of solid tumours.

Develop viral vector production and early-stage R&D services business

The viral vector production system we have established meets the pharmaceutical production quality standards under GMP requirements. The viral vectors that we have produced meet the requirements for biological products and can be produced in scale. At present, domestic CAR-T cells companies often order viral vectors from abroad.

Due to their high degrees of individualisation and their nature as biological active products, cellular immunotherapy products are subject to research and development carried out through a systematic technology platform covering cell preparation, cell quality control, cell potency studies, cell safety studies, etc. In the absence of such platform, the productisation of the cells would be difficult. Through the research on a variety of products, including non-genetically modified and genetically-modified cellular immunotherapy products, we have established a systematic technology platform for the research and development of cellular immunotherapy products, and we can provide customised services according to the needs of customers.

Expand strategic collaboration and explore acquisition opportunities on the basis of organic growth

We intend to expand strategic collaboration and explore acquisition opportunities on the basis of our organic growth, in order to quickly expand our product pipeline covering the treatment of both solid and non-solid tumours. With a view to further enhancing our product pipeline, we intend to continue looking for new potential cellular immunotherapy products by expanding strategic cooperation and identifying potential acquisition targets possessing products with clear professional prospects.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the interim condensed consolidated financial information, which is unaudited but has been reviewed by the Audit Committee.

FINANCIAL REVIEW

The following table summarises our results of operations for the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021	2020	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
	(unaudited)	(unaudited)		
Other income	**6,435**	975	5,460	560.0
Other gains and losses, net	**(2,471)**	2,878	(5,349)	(185.9)
Fair value loss of convertible redeemable preference shares	**–**	(19,415)	19,415	(100.0)
Administrative expenses	**(42,153)**	(27,247)	(14,906)	54.7
Research and development expenses	**(107,321)**	(94,955)	(12,366)	13.0
Finance costs	**(1,503)**	(1,117)	(386)	34.6
Listing expenses	**–**	(35,004)	35,004	(100.0)
Other expenses	**(591)**	(182)	(409)	224.7
Loss before tax	**(147,604)**	(174,067)	26,463	(15.2)
Income tax expense	**–**	–	–	–
Loss and total comprehensive expenses for the period	**(147,604)**	(174,067)	26,463	(15.2)
Loss and total comprehensive expenses for the period attributable to:				
Owners of the Company	**(147,296)**	(174,019)	26,723	(15.4)
Non-controlling interests	**(308)**	(48)	260	541.7
	(147,604)	(174,067)		
Loss per share	***RMB***	*RMB*		
– Basic	**(0.29)**	(0.46)		
– Diluted	**(0.29)**	(0.46)		

Other income

Other income of the Group increased by approximately 560.0% from approximately RMB1.0 million for the six months ended 30 June 2020 to approximately RMB6.4 million for the six months ended 30 June 2021, which was primarily due to the increase in interest income on bank deposits during the Reporting Period.

Set out below are the components of other income for the periods indicated:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income received from provision of cell cryopreservation services	**355**	355
Interest income on bank deposits	**4,283**	82
Interest income from lease deposits	**56**	30
Government grants	**1,741**	508
Total	**6,435**	975

Note: Cell cryopreservation is the process whereby cells are preserved by cooling to very low temperatures.

Other gains and losses, net

Other net gains and losses of the Group decreased by approximately 185.9% from gains of approximately RMB2.9 million for the six months ended 30 June 2020 to losses of approximately RMB2.5 million for the six months ended 30 June 2021, which was primarily because of the foreign exchange loss denominated in Hong Kong dollars as a result of the depreciation of Hong Kong dollars against RMB held by the Group during the Reporting Period.

Our net other gains and losses for the Reporting Period consisted of exchange gains and losses and loss on disposal of property, plant and equipment.

Administrative expense

Administrative expense of the Group increased by approximately 54.7% from approximately RMB27.2 million for the year ended 30 June 2020 to approximately RMB42.2 million for the six months ended 30 June 2021, which was primarily due to the increase in headcount of administrative staff.

The Group's administrative expenses primarily include staff costs, professional fees including fees paid to contractors and recruiters, depreciation expenses of our right-of-use assets for our leases, vehicles and office equipment, travel and hospitality fees and others.

Research and development expenses

Research and development expenses of the Group increased by approximately 13.0% from approximately RMB95.0 million for the six months ended 30 June 2020 to approximately RMB107.3 million for the six months ended 30 June 2021, which was primarily due to the increase in headcount of research and development staff and increase in expenses of raw materials during the Reporting Period and increase of contracting costs.

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of raw materials and other consumables	**13,514**	6,755
Staff costs	**35,464**	13,839
Share option costs	**21,472**	60,811
Contracting costs	**23,678**	4,600
Depreciation and amortisation	**6,893**	4,904
others	**6,300**	4,046
Total	**107,321**	94,955

Finance costs

Finance costs of the Group increased by approximately 34.6% from approximately RMB1.1 million for the six months ended 30 June 2020 to approximately RMB1.5 million for the six months ended 30 June 2021, which was primarily due to the increase in interest expenses on lease liability recognised pursuant to IFRS 16.

Listing expenses

We did not incur any listing expenses of the Group for the six months ended 30 June 2021. Approximately RMB35.0 million of listing expenses incurred for the six months ended 30 June 2020 was mainly attributable to the legal and professional fees in relation to the IPO.

Loss before tax

For the above reasons, the loss before tax of the Group decreased by approximately 15.2% from approximately RMB174.1 million for the six months ended 30 June 2020 to approximately RMB147.6 million for the six months ended 30 June 2021.

Income tax expenses

For the six months ended 30 June 2021, we are not subject to any income tax in the Cayman Islands. No Hong Kong profit tax was provided for as there was no estimated assessable profit of our Hong Kong subsidiary, which was subject to Hong Kong profit tax during the Reporting Period. Our subsidiaries located in the PRC, were generally subject to the statutory enterprise income tax at a rate of 25% on the assessable profits according to the PRC Enterprise Income Tax Law. Our PRC subsidiaries, Beijing Yongtai was accredited as a High And New Technology Enterprise for a three-year period commencing from 31 October 2018. Accordingly, Beijing Yongtai enjoyed a lower tax rate of 15% during the Reporting Period.

Liquidity and capital resources

Our bank balances and cash increased by approximately RMB284.3 million from approximately RMB174.2 million as at 30 June 2020 to approximately RMB458.5 million as at 30 June 2021, which was primarily due to net proceeds received from the IPO. As at 30 June 2021, we did not have any bank borrowings nor loans.

INDEBTEDNESS

Lease liabilities

As at 30 June 2021, our lease liabilities were approximately RMB52.7 million. The lease liabilities were secured by rental deposits and unguaranteed.

Contingent liabilities, charge of assets and guarantees

Save as disclosed above, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, loans, borrowings, lease liabilities, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities as at 30 June 2021.

CAPITAL STRUCTURE

The Shares of the Company were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 Shares of the Company were issued at the offer price of HK$11.00 per share by way of Global Offering.

Subsequently, the Company announced that the Over-allotment Option described in the Prospectus was partially exercised by the Joint Representatives, on behalf of the International Underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the Over-allotment Option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the Stock Borrowing Agreement which were used to cover over-allocations in the International Offering. There was no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares. As at 30 June 2021, the total issued share capital of the Company was US$514,584 divided into 514,584,000 Shares.

The capital structure of the Group was 8.33% debt and 91.67% equity as at 30 June 2021, compared with 6.72% debt and 93.28% equity as at 31 December 2020.

FOREIGN EXCHANGE

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

SELECTED FINANCIAL RATIO

The following table sets out certain selected financial ratios as at the balance sheet dates indicated:

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (unaudited)
Current ratio	**14.14**	27.95
Quick ratio	**13.95**	27.83

Notes:

(1) Current ratio equals current assets divided by current liabilities as at the end of the period.

(2) Quick ratio equals (a) current assets less raw materials and other consumables divided by (b) current liabilities as at the end of the period.

Our current ratio decreased from 27.95 as at 31 December 2020 to 14.14 as at 30 June 2021 and our quick ratio decreased from 27.83 as at 31 December 2020 to 13.95 as at 30 June 2021 because our bank balances and cash of the Group decreased from approximately RMB845.4 million as at 31 December 2020 to approximately RMB458.5 million as at 30 June 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Other income	*5*	**6,435**	975
Other gains and losses, net	*6*	**(2,471)**	2,878
Fair value loss of convertible redeemable preference shares		**–**	(19,415)
Administrative expenses		**(42,153)**	(27,247)
Research and development expenses		**(107,321)**	(94,955)
Finance costs		**(1,503)**	(1,117)
Listing expenses		**–**	(35,004)
Other expenses		**(591)**	(182)
Loss before tax		**(147,604)**	(174,067)
Income tax expense	*7*	**–**	–
Loss and total comprehensive expense for the period	*8*	**(147,604)**	(174,067)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		**(147,296)**	(174,019)
Non-controlling interests		**(308)**	(48)
		(147,604)	(174,067)
Loss per share (RMB)	*10*		
– Basic		**(0.29)**	(0.46)
– Diluted		**(0.29)**	(0.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021 *RMB'000* (unaudited)**	As at 31 December 2020 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**201,321**	154,492
Intangible assets		**8,224**	7,371
Prepayments, deposits and other receivables	*13*	**83,993**	31,442
Contract costs		**1,103**	1,232
Financial assets at fair value through profit of loss ("**FVTPL**")	*12*	**181,969**	131,969
		476,610	326,506
CURRENT ASSETS			
Contract costs		**256**	256
Raw materials and other consumables		**8,335**	3,975
Prepayments, deposits and other receivables	*13*	**53,051**	34,106
Bank deposits with original maturity over three months		**100,580**	–
Bank balances and cash		**458,468**	845,386
		620,690	883,723
CURRENT LIABILITIES			
Contract liabilities		**710**	710
Trade and other payables	*14*	**30,659**	20,164
Lease liabilities		**8,981**	7,204
Deferred government grants		**3,556**	3,539
		43,906	31,617
NET CURRENT ASSETS		**576,784**	852,106
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,053,394**	1,178,612

	As at 30 June 2021 *RMB'000* (unaudited)	As at 31 December 2020 *RMB'000* (audited)
NON-CURRENT LIABILITIES		
Contract liabilities	**3,049**	3,404
Lease liabilities	**43,673**	43,856
Deferred government grants	**804**	2,504
	47,526	49,764
NET ASSETS	**1,005,868**	1,128,848
CAPITAL AND RESERVES		
Share capital	**3,576**	3,576
Reserves	**1,001,289**	1,123,961
Equity attributable to owners of the Company	**1,004,865**	1,127,537
Non-controlling interests	**1,003**	1,311
TOTAL EQUITY	**1,005,868**	1,128,848

1. GENERAL INFORMATION

Immunotech Biopharm Ltd (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 11 April 2018. Its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 10 July 2020. The Company and its subsidiaries are hereinafter collectively referred to as the "**Group**".

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets at FVTPL that are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The Group did not record any revenue during the six months ended 30 June 2021 (six months ended 30 June 2020: nil), and over 90% of the Group's non-current assets excluding financial instruments are located in the PRC, accordingly, no analysis of geographical information is presented.

5. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income received from provision of cell cryopreservation services	**355**	355
Interest income on bank balances and deposits	**4,283**	82
Interest income from lease deposits	**56**	30
Government grants	**1,741**	508
Total	**6,435**	975

6. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net foreign exchange (losses) gains	**(3,651)**	2,878
Impairment loss reversed of an intangible asset *(Note)*	**1,304**	–
Loss on disposal of property, plant and equipment	**(129)**	–
Others	**5**	–
Total	**(2,471)**	2,878

Note: In May 2021, management of the Group determined to resume the clinical trial for 6B11-OCIK, a product for treatment of ovarian cancer, and updated the clinical trial plan. Therefore, the impairment loss for the intangible asset related to 6B11-OCIK previously recognised was reversed in the current interim period.

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current PRC enterprise income tax ("**EIT**")	**–**	–

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%.

Immunotech Applied Science Limited* (北京永泰生物製品有限公司) ("**Beijing Yongtai**") has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 31 October 2018 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profit derived by Beijing Yongtai is subject to 15% EIT rate for the six months ended 30 June 2021 (six months ended 30 June 2020: 15%).

No provision for PRC EIT was made as the Company's PRC subsidiaries incurred tax losses for both periods.

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Company's Hong Kong subsidiary for both periods.

As at 30 June 2021, the Group had estimated unused tax losses of approximately RMB654,888,000 (31 December 2020: RMB494,972,000) which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses as at 30 June 2021 and 31 December 2020 due to the unpredictability of future profit streams.

* *English name is for identification purpose only*

8. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
– salaries and other allowances	**49,066**	20,496
– retirement benefits	**3,515**	284
– equity-settled share-based payment included in administrative expenses	**3,152**	14,302
– equity-settled share-based payment included in research and development expenses	**21,472**	60,811
Total staff costs	**77,205**	95,893
Depreciation of property, plant and equipment	**9,295**	5,663
Amortisation of intangible assets	**450**	433
Cost of raw materials and other consumables included in research and development expenses	**13,514**	6,755
Sub-contracting costs included in research and development expenses	**23,678**	4,600

9. DIVIDEND

No dividends (six months ended 30 June 2020: nil) were paid, declared or proposed during the current period. The Directors have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(147,296)**	(174,019)

	For the six months ended 30 June	
	2021	2020
	Shares	Shares
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**514,584**	380,952

For the purpose of calculation of diluted loss per share for the six months ended 30 June 2021, share options granted under the pre-IPO share option scheme were not included as their inclusion would result in a decrease in loss per share.

For the purpose of calculating basic loss per share for the six months ended 30 June 2020, the weighted average number of ordinary shares have been determined on the assumptions that the Capitalisation Issue as set out in Note 28(e) to the Company's consolidated financial statements for the year ended 31 December 2020 had been effective since 1 January 2020.

The convertible redeemable preference shares of the Group were converted into ordinary shares on 10 July 2020. For the purpose of calculation of diluted loss per share for the six months ended 30 June 2020, the conversion of convertible redeemable preference shares and share options granted under the pre-IPO share option scheme were not included as their inclusion would result in a decrease in loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group entered into a construction agreement (the "**Construction Agreement**") with China Construction Third Engineering Bureau Group Co. Ltd.* (中建三局集团有限公司) in relation to the construction of the research and development and industrialisation base in Beijing at the contract sum of RMB664,999,999.33. The construction in progress under the Construction Agreement amounted to RMB12,202,000 as at 30 June 2021 (31 December 2020: nil).

The Group also acquired additional leasehold improvements and equipment of RMB22,232,000 (six months ended 30 June 2020: RMB144,000) in relation to its laboratories during the current interim period.

During the current interim period, the Group acquired leasehold land in Shaoxing City, Zhejiang Province, the PRC, for the construction of a research and production centre with lease term of 50 years and recognised right-of-use assets of RMB12,906,000 for the upfront payments (six months ended 30 June 2020: the Group acquired leasehold land in Beijing, the PRC for the construction of a research and production centre with lease term of 20 years and recognised right-of-use assets of RMB50,146,000 for the upfront payments).

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12. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2021 *RMB'000* **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Investment in the Tasly Fund *(Note i)*	**131,969**	131,969
Investment in the Shaoxing Fund *(Note ii)*	**50,000**	–
Total	**181,969**	131,969

Notes:

i. In December 2020, the Company entered into a subscription agreement with Tasly Bioscience Fund Limited, in relation to the subscription of limited partner interests in Tasly Bioscience Fund, L.P. (the "**Tasly Fund**"). The aggregate subscription amount was HK$156.8 million. Subject to the terms of the limited partnership agreement, the initial term of the Tasly Fund shall be five years and the Tasly Fund shall pay the general partner a management fee at the rate of 2% of the capital commitment per annum and each of the partners will be entitled to share the profit and loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tasly Bioscience Fund Limited, has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Tasly Fund.

The investment was accounted for as financial assets at FVTPL under IFRS 9. The total subscription amount of HK$156,800,000 (equivalent to RMB131,969,000) had been paid as at 31 December 2020. The Tasly Fund has made the investment of HK$146,220,000 (equivalent to RMB119,769,000) to a project in June 2021.

ii. In February 2021, the Company through its indirect wholly-owned subsidiary, Beijing Yongtai, entered into a subscription agreement with Tianjin Jinxin Health Technology Co., Ltd.* (天津金新健康科技有限公司) ("**Tianjin Jinxin**"), Shaoxing Binhai New Area Biomedical Industry Equity Investment Fund Partnership (LP)* (紹興濱海新區生物醫藥產業股權投資基金合夥企業(有限合夥)) and Tianjin Tianjian Medical Technology Co., Ltd.* (天津天鍵醫療科技有限公司), in relation to the subscription of limited partner interests in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥)) (the "**Shaoxing Fund**"). The aggregate subscription amount is RMB50,000,000. Subject to the terms of the limited partnership agreement, the initial term of the Shaoxing Fund shall be seven years and the Shaoxing Fund shall pay the general partner a management fee at the rate of 2% of the capital commitment per annum and each of the partners will be entitled to share the profit and loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tianjin Jinxin, has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Shaoxing Fund.

The total subscription amount of RMB50,000,000 had been paid in April 2021. The investment was accounted for as financial assets at FVTPL under IFRS 9.

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13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2021 ***RMB'000*** **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Prepayments to suppliers and service providers	**34,360**	30,779
Prepayments to management fee of the Tasly Fund	**1,347**	2,693
Value added tax recoverables	**28,575**	20,293
Prepayments for purchase of property, plant and equipment	**40,429**	9,316
Prepayments for license-in of immune technology	**12,951**	–
Advances to employees	**269**	219
Rental deposits	**2,038**	1,833
Other deposits	**1,410**	364
Others *(Note)*	**15,665**	51
	137,044	65,548
Analysed as:		
Current	**53,051**	34,106
Non-current	**83,993**	31,442
	137,044	65,548

Note: Included in the balances was an advance of RMB13.5 million to a third party which was subsequently refunded to the Group in July 2021.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2021 ***RMB'000*** **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Trade payables	**17,640**	5,840
Payables for acquisition of property, plant and equipment	**38**	77
Accrued salaries and other allowances	**9,960**	5,757
Government grants repayable	**1,837**	1,837
Accrued listing expenses	**–**	5,038
Others	**1,184**	1,615
	30,659	20,164

The following is an aged analysis of trade payables presented based on the invoice date at the end of the Reporting Period:

	As at 30 June 2021 ***RMB'000*** **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Within 1 year	**17,564**	5,784
1 year to 2 years	**45**	25
2 years to 3 years	**5**	11
More than 3 years	**26**	20
	17,640	5,840

15. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a written resolution of the Directors on 31 December 2019, a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") of the Company was approved. The Pre-IPO Share Option Scheme was established to encourage the participants to contribute to the Group for the long-term benefits of the Group. The maximum number of shares that may be granted under the Pre-IPO Share Option Scheme shall not exceed 37,500,000 shares, representing approximately 7.50% of the total number of shares in issue immediately upon completion of the IPO.

On 31 December 2019, the Company offered 7 senior managements and 25 eligible employees (collectively, the "**Grantees**") and the Grantees accepted 37,500,000 share options (the "**Pre-IPO Share Options**"). Options may be exercised at any time from vesting date to the seventh anniversary of the date of offer. The offers are subject to certain conditions including the approval of shareholders of the Company.

The fair values of the Pre-IPO Share Options were initially determined at the date of offer using the Binomial Option Pricing Model are HK$233,575,000 (equivalent to RMB209,233,000).

A written resolution by the shareholders of the Company was passed on 6 June 2020 (the "**Grant Date**") to approve and adopt the Pre-IPO Share Option Scheme and the fair values of the Pre-IPO Share Options were revised based on Grant Date fair value as below.

The fair values of the Pre-IPO Share Options determined at the Grant Date using the Binomial Option Pricing Model are HK$233,395,000 (equivalent to RMB213,710,000).

The Group recognised share-based payment expense of RMB24,624,000 in respect of the Pre-IPO Share Options for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB75,113,000).

The following table discloses movements of the Pre-IPO Share Options during the current interim period. 17,255,000 (31 December 2020: 17,225,000) options were exercisable as at 30 June 2021.

	Outstanding as at 1 January 2021	**Forfeited due to resignation during the period**	**Outstanding as at 30 June 2021**
Pre-IPO Share Options	37,250,000	(605,000)	**36,645,000**

	Outstanding as at 1 January 2020	Forfeited due to resignation during the period	Outstanding as at 30 June 2020
Pre-IPO Share Options	37,500,000	(100,000)	37,400,000

16. CAPITAL COMMITMENTS

	As at 30 June 2021 ***RMB'000*** **(unaudited)**	As at 31 December 2020 *RMB'000* (audited)
Capital expenditure in respect of the acquisition of equipments and machineries and the construction project contracted for but not provided in the condensed consolidated financial statements	**675,506**	5,629

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group determines the appropriate valuation techniques and inputs for fair value measurements and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

Except for financial assets at FVTPL as set out below, there is no financial instrument measured at fair value on a recurring basis.

Financial asset

		Fair value as at		**Fair value**	**Valuation techniques**
		30/06/2021	31/12/2020	**hierarchy**	**and key inputs**
	NOTE	***RMB'000***	*RMB'000*		
		(unaudited)	(audited)		
Financial assets at FVTPL	*12*	**181,969**	131,969	Level 2	Market approach, by referenced to recent transaction price.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position of the Group, together with the interest accruals, approximate their respective fair values at the end of the reporting period.

18. RELATED PARTY TRANSACTIONS

a. Compensation of key management personnel

The emoluments of key management for the six months ended 30 June 2021 are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries and other allowances	**6,165**	3,207
Retirement benefits	**71**	21
Equity-settled share-based payment expense	**22,528**	64,695
	28,764	67,923

OTHER INFORMATION

Interim Dividend

No dividend was paid, declared or proposed during the Reporting Period.

Use of Net Proceeds from Listing and Over-allotment Option

The Shares of the Company were listed on the Stock Exchange on 10 July 2020. Subsequently, the Company announced that the Over-allotment Option described in the Prospectus was partially exercised by the Joint Representatives, on behalf of the International Underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the Over-allotment Option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the Stock Borrowing Agreement which were used to cover over-allocations in the International Offering.

After deducting the underwriting fees and commissions, other listing expenses and other estimated expenses in connection with the exercise of the initial Global Offering and the exercise of the Over-allotment Option, the net proceeds amounted to approximately HK$1,127.8 million. As at the date of this announcement, the Company used a total of approximately HK$453.2 million of the proceeds, including approximately HK$249.0 million for investment in the ongoing clinical trial and commercialisation of EAL®, approximately HK$114.2 million for investments in CAR-T-19 clinical trial and TCR-T product series candidates, approximately HK$36.2 million for development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres and approximately HK$53.8 million for working capital and other general corporate purposes. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and the Over-allotment Option and actual usage up to the date of this announcement:

Use of Proceeds	**Allocation of the net proceeds from the Global Offering** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Utilised amount (as at the date of this announcement)** *(HK$ million)*	**Unutilised amount (as at the date of this announcement)** *(HK$ million)*	**Expected timeline of full utilisation of the remaining proceeds from the Global Offering as at the date of this announcement**[(1)]
For investment in the ongoing clinical trial and commercialisation of EAL®	385.6	34.2	249.0	136.6	By the end of 2023
For R&D expenditure in connection with expansion of other clinical indications for EAL ®	213.2	18.9	–	213.2	By the end of 2025
For investments in CAR-T-19 clinical trial and TCR-T product series candidates	374.5	33.2	114.2	260.3	By the end of 2025
Development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres	98.1	8.7	36.2	61.9	By the end of 2025
Working capital and other general corporate purposes	56.4	5.0	53.8	2.6	By the end of 2023
Total	1,127.8	100.0	453.2	674.6	

Note:

(1) The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances.

For the Company's planned usage of the use proceeds as described above, the Company expects the net proceeds will be used up 2025.

Significant Investments, Material Acquisitions and Disposals

Exclusive license agreement with T-Cure

On 11 January 2021, we entered into the License Agreement with T-Cure, pursuant to which T-Cure agreed to grant an exclusive license to us to use the know-hows, patent rights and processes that are controlled or owned by T-Cure necessary or useful to develop, manufacture or commercialise of the Licensed Products for the development, manufacturing and commercialisation of Licensed Products in the Territory in the field of retroviral-based T-cell receptor based immunotherapy for renal cell carcinoma, and in consideration of which, the Company agreed to pay the upfront payment of US$2 million, the milestone payment of US$10 million and royalties based on the net annual sales of Licensed Products, in accordance with the terms of the License Agreement.

Details of the License Agreement are set out in the announcement of the Company dated 12 January 2021.

Subscription of the Investment Fund

On 31 December 2020, we entered into the Subscription Agreement with Tasly Bioscience, in relation to the subscription of Investment Fund. The Company's total capital contribution to the Investment Fund as a limited partner is HK$156.8 million.

Upon the entering into of the Subscription Agreement, Tasly Bioscience, as the general partner to the Investment Fund, and Tasly Bioscience, as attorney of the limited partners of the Investment Fund including the Company, entered into a limited partnership agreement on 31 December 2020 to govern their relationship and provide for, among others, the manner of operation and management of the Investment Fund. The Investment Fund has made an investment of HK$146,220,000 (equivalent to RMB119,769,000) to a project in June 2021.

As at 30 June 2021, fair value of the Company's portion in the Investment Fund amounted to approximately RMB131,969,000, which represented approximately 12.0% of the total assets of the Company.

We intend to expand business network and reach of the Company through the Investment Fund as a platform with a view to identify marketable potential targets and pipeline products in the industry globally. Moreover, the Company has the right of first refusal in respect of any technologies, intellectual property rights and collaboration opportunities relating to immunotherapy targets and pipelines in relation to the investments of the Investment Fund. Details of the subscription to the Investment Fund are set out in the announcements of the Company dated 4 January 2021, 6 January 2021 and 13 January 2021.

Establishment of and investment in the Industry Fund

On 24 February 2021, we, through Beijing Yongtai, entered into a cooperation framework agreement (the "**Cooperation Framework Agreement**") with the Shaoxing Binhai New Area Management Committee* (紹興濱海新區管理委員會), a governmental management committee of Shaoxing City, Zhejiang Province, with a view to promote the development of biomedical industry in Shaoxing Binhai New Area* (紹興濱海新區) by the introduction of Beijing Yongtai to participate in the Huadong Cellular Immunotherapy Industrial Park* (華東細胞產業園) project, including, among other things, the proposed set up of research and development and production centre of EAL® for the Huadong region, the proposed joint establishment of academician workstations with universities and research institutions in the PRC, the proposed land development regarding the project and the proposed establishment of a specialised industry fund, targeted at investments in the upstream and downstream industrial chain of, among other things, cellular immunotherapy.

Upon the entering into of the Cooperation Framework Agreement, Beijing Yongtai, as the limited partner to the Industry Fund, Tianjin Jinxin Health Technology Co., Ltd.* (天津金新健康科技有限公司), as the general partner to the Industry Fund, and among other limited partners of the Industry Fund, entered into a limited partnership agreement on 24 February 2021 to, among other things, invest in the upstream and downstream industrial chain of cellular immunotherapy, stem cell research, gene therapy and precision medicine. Beijing Yongtai's total capital commitment in the Industry Fund as a limited partner to the Industry Fund is RMB50 million. As all of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules with reference to the total capital commitment to the Industry Fund by Beijing Yongtai was then less than 5%, such transaction did not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The capital commitment amount of RMB50 million accounted for less than 5% of the Group's total assets as at 30 June 2021.

Details of the establishment of and investment in the Industry Fund are set out in the voluntary announcement of the Company dated 24 February 2021.

Construction agreement in relation to the construction of the new biological drug R&D and industrialisation base in Beijing, the PRC

On 26 March 2021, we entered into a construction agreement (the "**Construction Agreement**") with China Construction Third Engineering Bureau Group Co. Ltd (中建三局集團有限公司) ("**CCTEB**") in relation to the construction of the R&D and industrialisation base (the "**R&D and Industrialisation Base**") located in the Beijing Economic and Technological Development Zone in Beijing, the PRC. The total contract sum payable to CCTEB under the Construction Agreement is RMB664,999,999.33. To cater for and for the purposes of preparing the commercialisation of our core product candidate and other product candidates, the construction of the R&D and Industrialisation Base will allow us to carry out the necessary R&D work, testing and quality assurance produces. The construction of the R&D and Industrialisation Based commenced on 17 June 2021.

The R&D and Industrialisation Base is expected to include buildings for cell therapy and other production workshops and quality inspection use, which will allow the Group to carry out necessary research and development work, testing and quality assurance procedures for purposes of the commercialisation of the Group's core product candidate, namely EAL®, and other product candidates.

Details of the Construction Agreement are set out in the announcements of the Company dated 29 March 2021, 22 April 2021, 12 May 2021, 21 May 2021 and 17 June 2021, and the circular dated 26 May 2021.

Save as disclosed and as at the date of this announcement, there were no significant investments held by the Group or future plans regarding significant investment or capital assets.

Employee and Remuneration policy

As at 30 June 2021, we had a total of 426 employees in the PRC and 6 employees in Korea.

The following table sets forth the number of our employees for each function as at 30 June 2021:

Function	**Number of Employees**
General management and administration	54
Research and development	40
Senior management	15
Product and technology R&D	46
Production, purification, equipment and safety	117
Quality	116
Clinical support and business development	44
Total	432

We have designed an evaluation system to assess the performance of our employees periodically. Such system forms the basis of our determinations of whether an employee should receive a salary raise, bonus, or promotion. We believe the salaries and bonuses our employees receive are competitive with market rates.

We place strong emphasis on providing training to our employees in order to enhance their technical and product knowledge. We design and offer different training programmes for our employees in various positions.

We make contributions to the social insurance and housing provident fund for all our employees in the PRC.

Funding and treasury policy

The Group adopts a stable, conservative approach in its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. Cash and cash equivalents are normally placed at financial institutions that the Group considers the credit risk to be low. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its research and development, future investments and expansion plans.

Share Option Schemes

In order to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group, the Company adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") on 31 December 2019 and the post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") on 6 June 2020.

For details of the principal terms of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus.

Pre-IPO Share Option Scheme

The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2021 is as follows:

Name of the grantee	No. of share options outstanding as at 31 December 2020	No. of share options granted during the Reporting period and up to 30 June 2021	No. of share options exercised during the Reporting period and up to 30 June 2021	No. of share options cancelled during the Reporting period and up to 30 June 2021	No. of share options lapsed during the Reporting period and up to 30 June 2021	No. of share options outstanding as at the date of the 30 June 2021
Tan Zheng *Chairman and executive Director*	5,000,000	–	–	–	–	5,000,000
Wang Yu *Executive Director, CEO and co-CTO*	23,450,000	–	–	–	–	23,450,000
Employees (in aggregate)	8,800,000	–	–	–	605,000	8,195,000
Total	**37,250,000**	**–**	**–**	**–**	**605,000**	**36,645,000**

Details regarding the number of options, date of grant, vesting period, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Scheme that were still outstanding as at 30 June 2021 are set out below:

Name of the grantee	**Date of grant**	**Vesting Period**	**Exercise Period**	**Exercise Price per share[2]**	**No. of outstanding option as at the date of as 30 June 2021**
Tan Zheng *Chairman and executive Director*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	5,000,000
Wang Yu *Executive Director, CEO and co-chief technology officer*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	23,450,000
Employees (in aggregate)	31 December 2019	Three tranches of 30%, 30% and 40% on 31 December 2020, 2021 and 2022, respectively/Two equal tranches on 31 December 2020 and 2021, respectively[1]	31 December 2019 to 30 December 2026	HK$5.5	8,195,000
Total					**36,645,000**

Notes:

1. For details of the vesting periods of share options granted to each of the employees, please refer to Appendix IV to the Prospectus.

2. Closing price of the shares is not applicable as the shares of the Company were not listed at the date of grant.

As at the date of this announcement, the total number of share available for issue under the Share Option Scheme is 36,645,000 Shares, representing approximately 7.12% of the total issued shares of the Company.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a maximum period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

No share options were granted, exercised, cancelled or lapsed under the Post-IPO Option Scheme during the period from the Listing Date to date of this announcement.

Compliance with Corporate Governance Code

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code throughout the six months ended 30 June 2021. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Compliance with the Model Code for securities transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code during the six months ended 30 June 2021. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Purchase, sale or redemption of the company's listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2021.

Audit committee and review of financial report

The Audit Committee was established on 6 June 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, being three independent non-executive Directors, namely Mr Ng Chi Kit, who is the chairman of the Audit Committee, Ms Peng Sujiu and Professor Wang Yingdian. Mr Ng Chi Kit is an independent non-executive Director possessing the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

The Audit Committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2021, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim results for the six months ended 30 June 2021 are unaudited, but have been reviewed by the auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

Changes to directors' information

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Directors' rights to acquire shares or debentures

Save for the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, no arrangement has been made by the Company or any of its subsidiaries for any Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debt securities of the Company or any other body corporate were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

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

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.eaal.net), and the interim report of the Group for the six months ended 30 June 2021 will be dispatched to the Company's shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

EVENTS AFTER THE REPORTING PERIOD

Incoming substantial shareholder of the Company

On 20 July 2021, we have noted from the voluntary announcement made by China Resources Pharmaceutical Group Limited that it, through its wholly owned subsidiary, has agreed to purchase from certain existing minority shareholders of the Company an aggregate of 51,458,400 ordinary shares of the Company (representing 10.0% of the total issued share capital of the Company).

Publication of research article in relation to 6B11-OCIK

In August 2021, Dr Wang Yu, along with other authors who include researchers of Beijing Weixiao contributed to the publication of a research article on Frontiers in Immunology, which suggested that autologous 6B11-OCIK treatment was safe and had potential clinical efficacy against ovarian cancer. Details of the publication are set out in the announcement of the Company dated 4 August 2021.

Save as disclosed, so far as the Company is aware, there was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

"6B11-OCIK Injection"	injection of Ovarian Cancer Autologous Cytotoxic T Lymphocyte, one of the Group's biologic product pipeline for treatment of ovarian cancer
"Audit Committee"	the audit committee of the Board
"B cells"	a type of lymphocyte
"Beijing Weixiao"	Beijing Weixiao Biotechnology Development Limited (北京緯曉生物技術開發有限責任公司), a limited liability company established in the PRC on 15 July 2016 and owned as to 70.0% by our subsidiary Beijing Yongtai, 29.0% by Wu Shuangchen and 1% by Liao Qian
"Beijing Yongtai"	Immunotech Applied Science Limited (北京永泰生物制品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of directors of the Company
"CAR-T cells"	chimeric antigen receptor T cells, are T cells that have been genetically engineered to produce an artificial T-cell receptor and chimeric antigen receptors that have been engineered to give T cells the new ability to target a specific protein on the surfaces of cells
"CDE"	Centre for Drug Evaluation of the NMPA
"CEO"	the chief executive officer of the Company
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan
"Company", "the Company" or "We"	Immunotech Biopharm Ltd (永泰生物製藥有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 11 April 2018
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, means the controlling shareholders of the Company, being Mr Tan and Tan Zheng Ltd

"Core Product Candidate"	our "core product" as defined under Chapter 18A of the Listing Rules, namely EAL®
"Convertible Preference Shares"	the convertible preference shares with an aggregate par value of US$5,000.0 issued pursuant to the Preference Share Subscription Agreement by our Company to Poly Platinum
"CR Pharma"	China Resources Pharmaceutical Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited
"Director(s)"	the director(s) of the Company
"EBV"	Epstein-Barr virus, a member of the herpes virus family
"GMP"	good manufacturing practice, and in the context of PRC laws and regulations, refers to guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (中華人民共和國藥品管理法) as part of quality assurance which aims to minimise the risks of contamination, cross contamination, confusion, and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group" or "the Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPV"	human papillomavirus
"IND"	investigational new drug
"Industry Fund"	the cellular immunotherapy specialised industry fund (細胞免疫治療專項產業基金)
"Investment Fund"	Tasly Bioscience Fund, L.P.
"Korea"	Republic of Korea

"License Agreement"	the license agreement dated 30 December 2020 made between the Company and T-Cure in relation to the grant exclusive license to the Company to use T-Cure IP for the development, manufacturing and commercialisation of Licensed Products in the Territory pursuant to the terms of the License Agreement
"Licensed Patent Rights"	licensed patent rights of 800TCR, which is a T cell receptor (TCR) encoded by a retrovirus (including lentivirus) recognising the HERVE-E tumour antigen
"Licensed Product(s)"	tangible materials within the scope of one or more claims of the Licensed Patent Rights
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on 10 July 2020
"Listing Date"	10 July 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NK cells"	natural killer cells, a type of lymphocyte and a component of innate immune system
"NMPA"	National Medical Products Administration of the People's Republic of China
"Poly Platinum"	Poly Platinum Enterprises Limited, a business company incorporated in the BVI on 9 November 2018 and a direct wholly-owned subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥), an independent third party

"Preference Share Subscription Agreement"	the subscription agreement dated 3 June 2019, as amended and supplemented by the first supplemental subscription agreement dated 12 June 2019 entered into, among other parties, between Poly Platinum and our Company in relation to the subscription of 5,000 Convertible Preference Shares for HK$200 million
"Prospectus"	the prospectus issued by the Company dated 29 June 2020
"R&D"	research and development
"Reporting Period"	the six-month period from 1 January 2021 to 30 June 2021
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended supplemented or otherwise modified from time to time
"Shaoxing Fund"	Shaoxing Yongsheng Equity Investment Partnership (LP)
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary shares with a nominal value of US$0.001 each in the capital of the Company
"Subscription Agreement"	the subscription agreement dated 31 December 2020 entered into among the Company, as subscriber, and Tasly Bioscience, for itself and in its capacity as general partner of the Investment Fund
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tasly Bioscience"	Tasly Bioscience Fund Limited
"T cell(s)"	a type of lymphocytes produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"TCR"	T cell receptor, a molecule found on the surface of T cells responsible for recognising fragments of antigen

"T-Cure"	T-Cure Bioscience, Inc.
"T-Cure IP"	the know-hows, patent rights and processes that are controlled or owned by T-Cure necessary or useful to develop, manufacture or commercialise the Licensed Products
"Territory"	Korea, PRC, including Hong Kong and Macau, but (for the purpose of the relevant transaction) excluding Taiwan
"US$"	United States dollars, the lawful currency of the United States of America

In this announcement, capitalised terms used shall have the same meanings as those defined in the Prospectus, unless the context otherwise requires.

By Order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 23 August 2021

As at the date of this announcement, the Board comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu and Mr Jung Hyun Chul as executive Directors, Mr Si Xiaobing, Mr Lu Yuan and Mr Li Yuezhong as non-executive Directors, and Professor Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.