Clover Biopharmaceuticals, Ltd.
三葉草生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2197)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board (the "**Board**") of directors (the "**Directors**") of Clover Biopharmaceuticals, Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2022 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2021 as follows. These interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and the Company's auditors, Ernst & Young.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	As of June 30, 2022	As of December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and cash equivalents	**2,255,642**	2,767,371

	Six Months Ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains	**11,792**	8,074
Administrative expenses	**(225,343)**	(124,802)
Research and development ("**R&D**") expenses	**(855,265)**	(633,841)
Loss for the period	**(1,136,085)**	(1,314,750)
Adjusted loss for the period*	**(1,072,218)**	(724,602)

* Adjusted loss for the period is not defined under the International Financial Reporting Standard (the "**IFRS**"). It represents the loss for the period excluding the effect brought by share-based payment expenses and fair value changes of convertible redeemable preferred shares.

IFRS Measures:

Our cash and cash equivalents decreased by RMB511.8 million from RMB2,767.4 million as of December 31, 2021 to RMB2,255.6 million as of June 30, 2022, primarily attributable to continued investment in R&D activities and preparation for the commercialization of SCB-2019 (CpG 1018/ Alum).

Other income and gains of the Group increased by RMB3.7 million from RMB8.1 million for the six months ended June 30, 2021 to RMB11.8 million for the six months ended June 30, 2022, primarily due to the increase in interest earned on higher average cash balances (proceeds from the Company's financing) and an increase in R&D subsidies from local government authorities.

Administrative expenses of the Group increased by RMB100.5 million from RMB124.8 million for the six months ended June 30, 2021 to RMB225.3 million for the six months ended June 30, 2022, which was primarily attributable to the increase in headcount due to organization expansion as well as the increase in accrued share-based payment expenses.

R&D expenses increased by RMB221.5 million from RMB633.8 million for the six months ended June 30, 2021 to RMB855.3 million for the six months ended June 30, 2022. This increase was primarily attributable to a significant increase in service fees incurred by contract development and manufacturing organizations ("**CDMO(s)**") for the preparation of commercial launch and associated raw materials and consumerables. The Company expanded the R&D headcount, which resulted in increased staff costs, however the overall R&D expenses were partially offset by the decrease in clinical trial (Phase 2/3 SPECTRA trial) expenses.

Loss for the period decreased by RMB178.7 million from RMB1,314.8 million for the six months ended June 30, 2021 to RMB1,136.1 million for the six months ended June 30, 2022. The decrease was primarily attributable to the non-cash, one time change of RMB555.9 million in the fair value of convertible redeemable preferred shares as required under the IFRS for the six months ended June 30, 2021, and was partially offset by the increase in R&D expenses and administrative expenses.

Non-IFRS Measures:

Adjusted loss for the period represents the loss for the period excluding the effect brought by share-based payment expenses and certain non-cash items and non-recurring events, namely the fair value changes of convertible redeemable preferred shares.

The term adjusted loss for the period is not defined under the IFRS. The table below sets forth a reconciliation of the loss for the period to adjusted loss for the period:

	Six Months Ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(1,136,085)**	(1,314,750)
Added:		
Fair value changes of convertible redeemable preferred shares	**–**	555,879
Share-based payment expenses	**63,867**	34,269
Adjusted loss for the period	**(1,072,218)**	(724,602)

BUSINESS HIGHLIGHTS

The Company's mission is to leverage the Trimer-Tag™ technology platform and its manufacturing capabilities for the discovery, development and commercialization of novel vaccines and biologic therapies. Within the Reporting Period, we have demonstrated advancements in our pipeline products and business operations. Specifically, we have announced key data milestones on efficacy, safety and tolerability, and durability for our lead COVID-19 vaccine program, SCB-2019 (CpG 1018/Alum), implemented improvements to our Changxing manufacturing facility ("**Changxing Facility**") to be ready for Good Manufacturing Practice ("**GMP**") inspections in the third quarter of 2022, engaged a contract manufacturing site from a leading global CDMO, advanced our rolling regulatory submissions to the China National Medical Products Administration ("**NMPA**"), the European Medicines Agency ("**EMA**"), and the World Health Organization ("**WHO**"), and diversified our clinical-stage pipeline with the advancement of SCB-2020S and SCB-219M into Phase 1 studies. We are motivated and focused on the development of novel vaccines and biologic therapeutic candidates and anticipate a milestone-rich second half of 2022.

Trimer-Tag™ Vaccines

SCB-2019 (CpG 1018/Alum), *an adjuvanted protein-based COVID-19 vaccine candidate.*

Regulatory and Manufacturing

- In June 2022, we announced that significant progress on improvements to our Changxing Facility had been made. We anticipate the Changxing Facility will be ready for GMP inspections in the third quarter of 2022.

- In January 2022, we engaged a leading global CDMO and are utilizing one of their manufacturing sites (familiar to the EMA and WHO regulatory authorities) to support and advance our regulatory submissions to the EMA and the WHO.

- The Company has been actively engaged with various regulatory authorities. We expect to complete regulatory submissions in the second half of 2022 for the NMPA, the EMA, and the WHO, and have been preparing for the commercial launch of SCB-2019 (CpG 1018/Alum) after receiving conditional approvals.

Clinical Trials

- Universal COVID-19 Booster Vaccine Data:

  - In June 2022, we announced that a homologous booster dose of SCB-2019 (CpG 1018/ Alum) in individuals previously receiving two doses of SCB-2019 (CpG 1018/Alum) induced a robust and rapid neutralizing antibody immune response in this preliminary analysis. A cohort comprised of individuals who were baseline seronegative (individuals with no evidence of natural infection using anti-N antibody testing and observed waning neutralizing antibody levels after the second dose and prior to the booster dose) demonstrated a robust 19-fold increase against the Omicron BA.2 variant and a 12-fold increase in neutralizing antibodies against the Omicron BA.1 variant compared to pre-booster levels.

  - In April 2022, we announced interim data from an expanded data set of a Phase 2 study that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 3-fold higher levels of neutralizing antibodies against the Omicron variant when compared to individuals receiving three doses of AstraZeneca's vaccine. A heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 4-fold higher levels of neutralizing antibodies against the prototype strain when compared to individuals receiving three doses of AstraZeneca's vaccine.

- Heterologous Booster Trial Initiation: In June 2022, we initiated a Phase 3 study evaluating the safety and immunogenicity of SCB-2019 (CpG 1018/Alum) as a COVID-19 booster in individuals who previously vaccinated with CoronaVac™ (Sinovac Inactivated Vaccine), Comirnaty® (Pfizer mRNA Vaccine), or Vaxzevria® (AstraZeneca Viral Vector Vaccine).

- SPECTRA Follow-up Efficacy Analyses (Elderly Population): In April 2022, we announced that in the elderly population (≥60 years of age), SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against any SARS-CoV-2 strain for severe COVID-19 and 100% efficacy against hospitalizations due to COVID-19 at approximately five months after the primary vaccination series.

- SPECTRA Follow-up Efficacy Analyses (Adult Population): In March 2022, we announced that SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against severe COVID-19 and demonstrated 95% efficacy against hospitalizations due to COVID-19 at five months after the primary vaccination setting against any SARS-CoV-2 strain for the adult population.

SCB-2020S, *a second generation, potentially broadly protective COVID-19 vaccine candidate based on a chimeric Beta and prototype trimeric SARS-CoV-2 S-protein.*

- A Phase 1 trial to assess the safety and immunogenicity of several formulations of SCB-2020S was initiated in May 2022. Initial safety and immunogenicity data from the trial is expected in the second half of 2022.

Bivalent COVID-19 vaccine candidate, *a next generation COVID-19 vaccine candidate which combines the trimeric spike antigens developed from the prototype strain (SCB-2019) and the Omicron variant (SCB-2022B).*

- In a preclinical study, the bivalent COVID-19 vaccine candidate demonstrated potent neutralization of all variants of concern ("**VoC**"s) including the Omicron variant in both the primary vaccination setting and the booster setting (in mice previously vaccinated with two doses of SCB-2019 (CpG 1018/Alum)).

Oncology

SCB-219M, *an innovative human thrombopoietin receptor agonist (TPO-RA) produced from CHO cells based on the Company's Fc-fusion technology platform with indication to treat chemotherapy-induced thrombocytopenia (CIT).*

- In June 2022, a Phase 1 clinical trial was initiated and the first patient was administered with SCB-219M in China.

New Executives and Board Appointments

- Chief Financial Officer and Chief People Officer Appointments: In June 2022, the Company appointed Ms. Aileen Wang as Chief Financial Officer and Ms. Lily Yang as Chief People Officer.

- Board Appointments: In June 2022, Donna Marie Ambrosino, M.D., and Ralf Leo Clemens, M.D., Ph.D., were appointed as non-executive Directors.

- President of Greater China Appointment: In April 2022, Mr. LiongHo Chua was appointed as President of Greater China of the Company to establish the Company's commercial infrastructure and drive the completion of regulatory submission and the potential launch of our COVID-19 vaccine candidate in China.

- President of Global Research and Development Appointment: In February 2022, the Company appointed Nicholas Jackson, Ph.D., as President of Global Research and Development to spearhead the development of the Company's existing pipeline candidates and nominating new product candidates.

Other Key Corporate Developments

- Up to US$300 Million Credit Agreement Approved: In June 2022, we announced that the China Merchants Bank approved a one-year credit agreement for up to US$300 million to support the Company's potential working capital needs during commercial launch.

- Inclusion on the Hang Seng Composite Index: Effective from March 2022, the Company's stock was selected as a constituent stock of the Hang Seng Composite Index and became eligible for trading on the Hong Kong Stock Connect.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a global clinical-stage biotechnology company committed to developing novel vaccines and biologic therapeutic candidates. Since our inception in 2007, we have had a clear focus on translating cutting-edge science into solutions to address significant unmet medical needs. Our vision is to empower humanity with a healthier future through transformative science, while our mission lies in leveraging the Trimer-Tag™ technology platform and our manufacturing capabilities for the discovery, development and commercialization of novel vaccines and biologic therapies.

The Trimer-Tag™ technology platform is a product development platform for the creation of protein-based vaccines and immuno-oncology therapies based on naturally trimerization-dependent targets. The Trimer-Tag™ technology platform can trimerize any protein of interest into covalently-trimerized structures. The trimerization motif of Trimer-Tag™ is based on a human amino acid sequence derived from human collagen (C-terminal domain of Type I procollagen). Currently, Trimer-Tag™ is the only trimerization technology platform globally for producing recombinant, covalently-trimerized fusion proteins (trimer-tagged proteins) utilizing a human-derived trimerization tag.

We have created a pipeline of innovative vaccines and oncology candidates with the Trimer-Tag™ technology platform. Led by our experienced management, R&D, and regulatory affairs teams, the Company accomplished key pipeline milestones during the Reporting Period. The Company's lead product candidate, SCB-2019 (CpG 1018/Alum), is a protein-based COVID-19 vaccine candidate in the process of rolling submissions to the NMPA, the EMA and the WHO, with ongoing preparations to commence product launch following conditional regulatory approval. Novel next-generation COVID-19 vaccine candidates are under development to further strengthen our vaccine portfolio and to enhance our readiness for persistent combat with SARS-CoV-2. In our oncology portfolio, SCB-219M, an innovative thrombopoietin receptor agonist (TPO-RA) mimetic Fc-fusion protein, has been advanced into a Phase 1 clinical trial.

We have partnered with global organizations to advance our innovative pipeline programs and deliver our vaccines and therapeutics to communities around the world in need. These include the Coalition for Epidemic Preparedness Innovations ("**CEPI**"), Dynavax, Gavi, the Vaccine Alliance, United Nations Children's Fund ("**UNICEF**"), and Pan American Health Organization ("**PAHO**") with the aim to deliver a safe and effective COVID-19 vaccine to countries and regions around the globe. In addition, we expect to explore strategic relationships with established global biopharmaceutical companies and/or academic institutions to further derive value from the Trimer-Tag™ technology platform and our portfolio assets to maximize the commercial potential of our pipeline products and provide long-term shareholder value.

PRODUCT PIPELINE

The following table summarizes the development status of our vaccine and oncology product candidates.

(1) COVID-19 vaccine candidate. Announced on September 2021 SPECTRA met the primary and secondary efficacy endpoints. Regulatory submissions are anticipated to be completed in the second half of 2022 for all three agencies, with product launch commencing thereafter upon receiving conditional approvals. (2) SCB-2020S antigen is a chimeric SARS-CoV-2 spike protein based on the RBD of Beta variant and the NTD of the prototype strain. This candidate will be evaluated with CAS-1, an in-house developed oil-in-water emulsion-based adjuvant. (3) Other vaccine candidates in early-stage development. (4) Our oncology product candidate for the treatment of malignant ascites (MA), malignant pleural effusions (MPE), and peritoneal carcinomatosis (PC) to address global unmet medical need of intracavitary malignancies. Currently, continued internal development has been paused and pending further assessment of development strategy and resource allocation. (5) On December 9th 2021, we entered a partnership with Ascentage to jointly conduct Phase 1b/2 study to evaluate the safety, tolerability, pharmacokinetics/pharmacodynamics (PK/PD), and efficacy of SCB-313 in combination with APG-1387 for the treatment of patients with primary or secondary peritoneal carcinomatosis. (6) This oncology product candidate is in early-stage development, and we are still assessing the target indication(s) for this product.

BUSINESS REVIEW

Our Product Candidates

Trimer-Tag™ Vaccines

SCB-2019 (CpG 1018/Alum)

Our lead COVID-19 vaccine candidate, SCB-2019 (CpG 1018/Alum), is an adjuvanted protein-based COVID-19 vaccine candidate. The SCB-2019 antigen was developed with the Trimer-Tag™ technology platform and is a stabilized trimeric form of the S-protein ("**S-Trimer™**") based on the prototype SARS-CoV-2 virus.

Regulatory:

We remain actively engaged with the NMPA, the EMA and the WHO regarding data needed to support conditional approval for SCB-2019 (CpG 1018/Alum) and expect to include booster clinical data in our regulatory submissions.

After receiving feedback from the WHO in December 2021 following their GMP inspection of our Changxing Facility, we have continued to make significant progress on improvements to the Changxing Facility and now anticipate that the site will be ready for further inspection in the third quarter of 2022. We will utilize our Changxing Facility to support regulatory submission to the NMPA in the second half of 2022.

In January 2022, we engaged an experienced CDMO site to support our submissions to the EMA and the WHO. We believe this CDMO site will be able to support our regulatory submissions to the EMA and the WHO in the second half of 2022. This strategic approach will help ensure our COVID-19 vaccine is commercialized as quickly as possible.

Regulatory submissions are now anticipated to be completed in the second half of 2022 for all three agencies, with product launch commencing thereafter upon receiving conditional approvals.

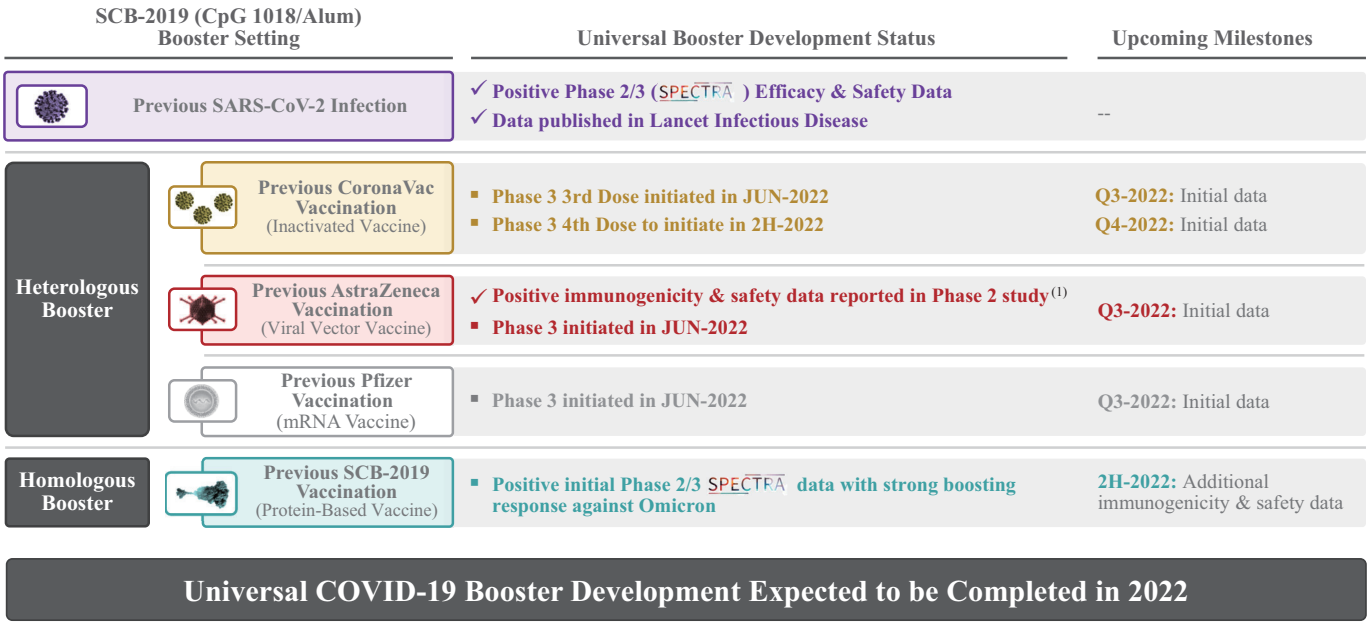
Clinical Trials:

- SPECTRA Follow-up Efficacy Analyses (Elderly Population): In April 2022, we announced that in the elderly population (≥60 years of age), SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against any SARS-CoV-2 strain for severe COVID-19 and 100% efficacy against hospitalizations due to COVID-19 at approximately five months after the primary vaccination series.

- SPECTRA Follow-up Efficacy Analyses (Adult Population): In March 2022, we announced that SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against severe COVID-19 and demonstrated 95% efficacy against hospitalizations due to COVID-19 at five months after the primary vaccination setting against any SARS-CoV-2 strain for the adult population. There was also no evidence that clinical efficacy against COVID-19 declined over a five-month period in individuals with prior SARS-CoV-2 infection who were subsequently boosted with SCB-2019 (CpG 1018/Alum). No safety concerns were observed in individuals dosed with SCB-2019 (CpG 1018/Alum) in this follow-up period.

- We amended SPECTRA in January 2022 to expand the evaluation of the adolescent (12-18 years) subgroup and recruited approximately 1,250 adolescent individuals. Initial data are anticipated in the third quarter of 2022.

Universal COVID-19 Booster Vaccine Development: We plan to complete the development of SCB-2019 (CpG 1018/Alum) as a universal COVID-19 booster vaccine in 2022, to potentially enable its use as a booster dose, regardless of the vaccine technology used for the primary vaccination or previous SARS-CoV-2 infection history.



Note:

1. The initial heterologous booster trial was an investigator-initiated study in Brazil. The trial concluded in the first half of 2022.

- Universal COVID-19 Booster Vaccine Data:

  - Homologous Booster Data: In June 2022, we announced that a homologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of SCB-2019 (CpG 1018/Alum) induced a robust and rapid neutralizing antibody immune response in this preliminary analysis. A cohort comprised of individuals who were baseline seronegative (individuals with no evidence of natural infection using anti-N antibody testing and observed waning neutralizing antibody levels after the second dose and prior to the booster dose) demonstrated a robust 19-fold increase against the Omicron BA.2 variant and a 12-fold increase in neutralizing antibodies against the Omicron BA.1 variant compared to pre-booster levels.

- Heterologous Booster Data Including Omicron and VoCs: In April 2022, we announced interim data from a Phase 2 study that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals (N=120) previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 3-fold higher levels of neutralizing antibodies against the Omicron variant when compared to individuals receiving three doses of AstraZeneca's vaccine. SCB-2019 (CpG 1018/Alum) showed a higher neutralizing antibody response against VoCs, including Beta, Gamma, Delta and Omicron, in comparison to individuals receiving three doses of AstraZeneca's vaccine.

- Heterologous Booster Data Against Prototype: In April 2022, we announced interim data from a Phase 2 study that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals (N=103) previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 4-fold higher levels of neutralizing antibodies against the prototype strain when compared to individuals receiving three doses of AstraZeneca's vaccine.

- Heterologous Booster Trial Initiation: In June 2022, we initiated a Phase 3 study evaluating the safety and immunogenicity of SCB-2019 (CpG 1018/Alum) as a COVID-19 booster in individuals who previously vaccinated with CoronaVac™ (Sinovac Inactivated Vaccine), Comirnaty® (Pfizer mRNA Vaccine), or Vaxzevria® (AstraZeneca Viral Vector Vaccine). Initial results are expected in the third quarter of 2022.

- Previously Infected Individuals: In April 2022, we announced additional data from SPECTRA that vaccination with SCB-2019 (CpG 1018/Alum) in individuals previously infected with SARS-CoV-2 showed a cumulative protective effect of 89.7% (95% CI: 82.5 – 94.4) after one dose and 93.8% (95% CI: 88.9 – 97.0) after two doses against COVID-19 of any severity, against any strain of SARS-CoV-2, as compared to SARS-CoV-2 naive placebo recipients. In the previously-infected population, incremental risk reduction against COVID-19 of any severity of SCB-2019 (CpG 1018/Alum) vaccination versus placebo was 49.9% after one dose and 64.2% after two doses.

- Homologous Booster Trial Initiation: In January 2022, we amended SPECTRA to evaluate SCB-2019 (CpG 1018/Alum) as a homologous booster in individuals that previously received two doses of SCB-2019 (CpG 1018/Alum). The study recruited 3,755 participants in Brazil, the Philippines and Columbia and intended to evaluate the immunogenicity, durability and safety profile of SCB-2019 (CpG 1018/Alum) as a booster dose.

- Post-Reporting Period (expected) Milestones and Achievements:

  - Heterologous Booster Trial Expansion: In August 2022, we initiated a subcohort of the Phase 3 heterologous immunogenicity and safety booster trial that will evaluate SCB-2019 (CpG 1018/Alum) as a fourth booster dose in individuals that previously received three doses of CoronaVac™. Initial results are expected in the fourth quarter of 2022.

Partnerships:

Demand for COVID-19 vaccines in China, low-income and low-middle-income countries remains for primary vaccination and booster doses, specifically for third and fourth booster doses that can induce strong and broad neutralization against VoCs, especially Omicron. We believe SCB-2019 (CpG 1018/Alum) has the potential to be differentiated with its high efficacy, robust immunogenicity, potential best-in-field safety and tolerability, and stability under standard refrigeration storage and transportation conditions. We continue to expand existing and establish new global partnerships to ensure fair and equitable global distribution of SCB-2019 (CpG 1018/Alum) to those most in need.

- In February 2022, we signed a long-term agreement with the PAHO regional office to support the supply of our COVID-19 vaccine candidate, SCB-2019 (CpG 1018/Alum), to the COVAX Facility (COVAX Facility refers to COVID-19 Vaccines Global Access, a global initiative aimed at equitable access to COVID-19 vaccines led by UNICEF, Gavi, the Vaccine Alliance, WHO, CEPI, and others).

SCB-2020S

SCB-2020S is a second generation, potentially broadly protective COVID-19 vaccine candidate based on a chimeric Beta and prototype trimeric SARS-CoV-2 S-protein, preserving potential neutralization epitopes across multiple VoCs of SARS-CoV-2, including Omicron. The Company intends to explore how the SCB-2020S construct could further expand the breadth of vaccine-induced neutralizing antibodies to address the existing and potential new variant strains of the SARS-CoV-2 virus.

- In May 2022, we initiated a double-blind, randomized, dose-finding Phase 1 trial to assess the safety and immunogenicity of several formulations of SCB-2020S with adjuvants CpG 1018/Alum and CAS-1. CAS-1 is the Company's proprietary oil-in-water emulsion-based adjuvant system developed in-house. The active comparator will be the Company's prototype COVID-19 vaccine candidate, SCB-2019 (CpG 1018/Alum). All vaccine formulations will be administered as a two-dose regimen, given 21 days apart to approximately 150 adults (18 to 75 years of age) in South Africa.

- Post-Reporting Period (expected) Milestones and Achievements:

  - Initial safety and immunogenicity data from the trial is expected in the second half of 2022.

Bivalent COVID-19 vaccine candidate

The bivalent vaccine is a next generation COVID-19 vaccine candidate which combines the trimeric spike antigens developed from the prototype strain (SCB-2019) and the Omicron variant (SCB-2022B). The Company intends to advance development of the bivalent COVID-19 vaccine candidate into clinical development.

- In a preclinical study announced in May 2022, the bivalent COVID-19 vaccine candidate demonstrated potent neutralization of all VoCs including the Omicron variant in both primary vaccination and the booster setting (those previously vaccinated with two doses of SCB-2019 (CpG 1018/Alum)).

Publications

- Bivalent COVID-19 Vaccine Candidate Data Shows Cross-Protection Against VoCs Published in *Virology: Current Research:* In June 2022, a preclinical study on our bivalent COVID-19 vaccine candidate, a combination of the trimeric spike antigens from the original SARS-CoV-2 strain and the Omicron variant, elicited broad neutralization against all VoCs, including Omicron, in both primary vaccination and booster settings was published in the peer-reviewed journal, *Virology: Current Research*.

- SPECTRA Efficacy Data in Previously-Infected Individuals Published in *the Lancet Infectious Diseases:* In April 2022, additional data from the previously-infected participant population in SPECTRA demonstrated significant incremental protection against COVID-19 following vaccination with SCB-2019 (CpG 1018/Alum) and were published in the peer-reviewed journal, *the Lancet Infectious Diseases*.

- SPECTRA Final Efficacy Data Published in *the Lancet:* In January 2022, final efficacy analysis and safety data for two doses of SCB-2019 (CpG 1018/Alum) utilized for primary vaccination in the global Phase 2/3 SPECTRA trial were published in the peer-reviewed journal, *the Lancet*.

Oncology

SCB-219M

SCB-219M is an innovative human thrombopoietin receptor agonist (TPO-RA) produced from CHO cells based on the Company's Fc-fusion technology platform with indication to treat chemotherapy-induced thrombocytopenia (CIT).

- In June 2022, a Phase 1 clinical trial initiated to explore the safety, tolerability, immunogenicity, pharmacokinetics, and efficacy of SCB-219M administered subcutaneously in cancer patients with CIT. This is a multi-center, open-label, dose escalation and dose expansion study being conducted in China.

- Post-Reporting Period (expected) Milestones and Achievements:

    - Interim safety and recommendations for Phase 2 dosing are anticipated in the first half of 2023.

Other Product Candidates

After completing internal scientific, financial and strategic assessments, the Company will prioritize resources on the development of COVID-19 assets and pause certain non-COVID-19 mid/late-stage programs including SCB-808. In navigating the current macroeconomic environment, the Company continues to prudently evaluate its pipeline programs and focus on programs that will provide long-term value.

R&D

We are a clinical-stage biotechnology company committed to developing novel vaccines and biologic therapeutic candidates with a robust innovative R&D pipeline.

Our greatest asset is our employees, a team of world-class senior executives and global leaders executing across geographic borders. This comprehensive talent is complimented by our Vaccine Scientific Advisory Board, comprised of industry-leading advisors across a broad range of expertise areas, which has helped to guide our overall COVID-19 vaccine development strategy.

We have assembled a comprehensive R&D platform enabling drug candidate discovery, proof-of-concept, preclinical and clinical development. As of June 30, 2022, our in-house R&D activities were supported by 291 employees across China, the United States and Europe, overseeing our global preclinical and clinical development.

Manufacturing

We have established strong commercial-scale manufacturing capabilities attributable to our in-house Changxing Facility, comprehensive infrastructure and a global CDMO network to help to support worldwide commercialization.

Our Changxing Facility is equipped with commercial-scale bioreactors and fill-finish lines. The Changxing Facility has received Pharmaceutical Manufacturing Permit from Zhejiang Medical Products Administration and a Qualified Person Declaration stating the facility is in operational compliance with the European Union GMP standards. We anticipate that the Changxing Facility could produce, at peak annual capacity, up to hundreds of millions of doses of SCB-2019 (CpG 1018/Alum).

To fulfil our global supply strategy, we have engaged CDMOs with GMP sites that may further expand our supply capacity. These CDMOs have expertise in manufacturing and experience in completing regulatory inspections and submissions to the EMA and the WHO.

We anticipate completing regulatory submissions to the NMPA, the EMA and the WHO in the second half of 2022.

New Executive and Board Appointments

The Company is undergoing a pivotal transition, from a clinical to commercial organization. To support this evolution the Company announced several leadership appointments during the Reporting Period that will prepare us for the next stage of corporate growth.

- Chief Financial Officer and Chief People Officer Appointments: In June 2022, the Company appointed Ms. Aileen Wang as Chief Financial Officer and Ms. Lily Yang as Chief People Officer. Ms. Wang has a long track record of success in establishing and leading efficient finance infrastructures and corporate operations for corporations in China and the U.S., while Ms. Yang has extensive experience in growing and managing a global workforce and building an inclusive and diverse culture.

- Board Appointments: In June 2022, Donna Marie Ambrosino, M.D., and Ralf Leo Clemens, M.D., Ph.D., were appointed as non-executive Directors. Dr. Ambrosino's background as a celebrated researcher, infectious disease expert, and proven biotech entrepreneur will further bolster the strength and diversity of the Company's board, while Dr. Clemens brings industry-leading expertise in global vaccine development and an impressive record of successfully developing and commercializing first and best-in-class vaccines. Both new Directors have been members of the Company's Vaccine Scientific Advisory Board since 2020 and instrumental in the development of our lead COVID-19 vaccine candidate.

- President of Greater China Appointment: In April 2022, Mr. LiongHo Chua was appointed as President of Greater China of the Company. Mr. Chua has decades of experience in pharmaceutical product commercialization and business transformation. His position will establish the Company's commercial infrastructure and drive the completion of regulatory submission and launch of our COVID-19 vaccine candidate in China.

- President of Research and Development Appointment: In February 2022, Nicholas Jackson, Ph.D. was appointed as the president of global research and development of our Company. Dr. Jackson, who has spent over 22 years in vaccine and immunotherapeutic R&D roles, leading multiple successful global programs in bacterial, viral and non-infectious disease targets, will focus on the Company's existing and pipeline expansion programs.

Other Key Corporate Developments

- Up to US$300 Million Credit Agreement Approved: In June 2022, the China Merchants Bank approved a one-year credit agreement for up to US$300 million to support potential working capital needs during the Company's commercial launch. Drawdown on this agreement is subject to a review of the Company's business condition and changes in the Company's condition may result in early repayment. Additional terms including the repayment date and interest rate will be fixed at the time of drawdown approval.

- Inclusion on the Hang Seng Composite Index: Effective from March 2022, the Company's stock was selected as a constituent stock of the Hang Seng Composite Index and other relevant indexes. This also enabled the Company to become eligible for southbound trading on the Hong Kong Stock Connect, which is a channel that facilitates stock trading and investment between Hong Kong and a broader base of Chinese investors.

Future Outlook

The Company's vision is to empower humanity with a healthier future through transformative science. To accomplish our goals, we will leverage the expertise of our key new hires to prepare for and execute on the Company's regulatory submissions and commercial launch of SCB-2019 (CpG 1018/Alum), and implement long-term strategies to position the Company for success as a leading global biotechnology company.

COVID-19 outbreaks are still occurring at a global level with new Omicron lineages emerging. The threat of new virulent and highly transmissible SARS-CoV-2 variants remains. These challenging circumstances reinforce our confidence in the role that our lead COVID-19 vaccine candidate can play for primary vaccination and as a universal COVID-19 booster in the global fight against this virus now and throughout the transition to a long-term endemic disease setting.

Given the growing evidence demonstrating that SCB-2019 (CpG 1018/Alum) induces strong booster responses against Omicron in previously-vaccinated and previously-infected individuals, combined with its favorable safety and reactogenicity profile and stability under standard refrigerated conditions, we believe that SCB-2019 (CpG 1018/Alum) will become an important universal COVID-19 booster in China and globally.

Looking ahead, our highest priority will be driving our lead COVID-19 vaccine candidate towards completing regulatory submissions in the second half of 2022 and product launch in China and globally after receiving the respective approvals.

WARNING UNDER RULE 18A.08(3) OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE ("LISTING RULES"): WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR DRUG CANDIDATES SUCCESSFULLY.

Impact of COVID-19 and response

The Company anticipates that the clinical trials in China and overseas will not be significantly affected by the outbreak of COVID-19. In the first half of 2022, the outbreaks in Shanghai and other localities across China impacted certain day-to-day operations at the Company, which were announced on June 5, 2022. Based on information available as of the date of this announcement, we believe that the Company has established processes should there be any additional COVID-19 outbreaks in or around Shanghai and our Changxing Facility, and any additional outbreaks of COVID-19 will not cause material interruption to our business operation and will not have significant impact on our financial conditions and financial results. We are unable to predict if and when COVID-19 will be suppressed. The above conclusion is based on the current COVID-19 information. We cannot be sure if COVID-19 will not worsen and if our operation results will not be materially and adversely affected.

FINANCIAL REVIEW

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains	**11,792**	8,074
Administrative expenses	**(225,343)**	(124,802)
R&D expenses	**(855,265)**	(633,841)
Fair value changes of convertible redeemable preferred shares	**–**	(555,879)
Other expenses	**(65,092)**	(1,513)
Finance costs	**(2,177)**	(6,789)
LOSS BEFORE TAX	**(1,136,085)**	(1,314,750)
Income tax expense	**–**	–
LOSS FOR THE PERIOD	**(1,136,085)**	(1,314,750)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**228,388**	6,707
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**228,388**	6,707
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(195,436)**	18,983
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(195,436)**	18,983
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**32,952**	25,690
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(1,103,133)**	(1,289,060)
Non-IFRS Measures		
Adjusted loss for the period	**(1,072,218)**	(724,602)

Other Income and Gains

The Group's other income and gains primarily consist of government grants, bank interest income and net changes in fair value of financial assets.

For the six months ended June 30, 2022, other income and gains of the Group increased by RMB3.7 million from RMB8.1 million for the six months ended June 30, 2021 to RMB11.8 million, primarily due to the increase in interest earned on higher average cash balances (proceeds from the Company's financing) and an increase in R&D subsidies from local government authorities.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee salaries and benefits including accrued share-based compensation; (ii) consulting fees; (iii) professional service fees, which mainly include third-party recruitment agency costs; (iv) listing expenses; (v) depreciation and amortization expenses and (iv) office expenses. Other administrative expenses include IT software license expenses and other miscellaneous expenses in connection with administration activities.

For the six months ended June 30, 2022, the administrative expenses of the Group increased by RMB100.5 million, from RMB124.8 million for the six months ended June 30, 2021 to RMB225.3 million, which was primarily attributable to the combined impact of (i) the increase in headcount due to organization expansion as well as the increase in accrued share-based payment expenses; (ii) the increase in consulting expenses for corporate affairs, finance (including auditor's remuneration), legal and other services in relation to operating and administrative activities; and (iii) the decrease in listing expenses in connection with the listing of ordinary shares (the "**Shares**") of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") from RMB16.3 million to nil.

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Employee salaries and benefits	**155,492**	60,184
Consulting fees	**24,087**	12,405
Professional service fees	**17,318**	23,183
Listing expenses	**–**	16,335
Depreciation and amortization	**12,905**	2,801
Office expenses	**8,428**	3,061
Others	**7,113**	6,833
Total	**225,343**	124,802

R&D Expenses

The Group's R&D expenses primarily consist of: (i) clinical trial expenses, including payments to contract research organizations, hospitals and other medical institutions and fees incurred for clinical trials; (ii) R&D consulting and service fees, mainly related to preclinical study costs and service fees incurred by CDMOs for the preparation of commercial launch; (iii) costs of raw materials and consumables used for R&D of our product candidates; (iv) salaries, bonus, welfare and share-based compensation for R&D personnel; and (v) depreciation and amortization in relation to our leasehold buildings, machinery and equipment.

For the six months ended June 30, 2022, R&D expenses increased by RMB221.5 million from RMB633.8 million for the six months ended June 30, 2021 to RMB855.3 million. This increase was primarily attributable to (i) a significant increase in service fees incurred by CDMOs for the preparation of commercial launch; (ii) an increase in raw materials and consumables used; (iii) an increase in employee salaries and benefits as expansion of clinical operations, chemical manufacturing and control ("**CMC**") and project management to support the development and prepare for the commercialization of SCB-2019 (CpG 1018/Alum); and (iv) the decrease in clinical trial expenses for SPECTRA, our global Phase 2/3 clinical trial evaluating SCB-2019 (CpG 1018/Alum), which reported final positive results in September 2021.

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Clinical trial expenses	**200,525**	421,405
R&D consulting and service fees	**241,032**	33,454
Costs of raw materials and consumables	**142,548**	39,663
Employee salaries and benefits	**229,008**	118,276
Depreciation and amortization	**13,603**	4,393
Others	**28,549**	16,650
Total	**855,265**	633,841

Fair Value Changes of Convertible Redeemable Preferred Shares

The Group's fair value change of convertible redeemable preferred shares refers to the fair value losses of the series A, series B, series B-2 and series C preferred shares, which takes into account exchange rate changes.

Fair value loss on convertible redeemable preferred shares decreased from RMB555.9 million for the six months ended June 30, 2021 to nil for the six months ended June 30, 2022, as all of the Company's preferred shares were converted to Shares upon the listing date on November 5, 2021, and no such fair value losses incurred since then.

Other Expenses

The Group's other expenses primarily consist of the exchange losses due to fluctuation in exchange rates, impairment of prepayments, other receivables and other assets, loss on disposal of property, plant and equipment and reversal of inventory provision.

For the six months ended June 30, 2022, other expenses of the Group increased by RMB63.6 million from RMB1.5 million for the six months ended June 30, 2021 to RMB65.1 million, primarily attributable to a RMB34.3 million impairment of prepayment and other receivables and a one-time RMB7.3 million loss on the disposal of ongoing construction, due to the proposed exit of the Shanghai R&D center. Following a strategic program assessment, announced in June 2022, the Company decided to reprioritize resources for the regulatory submission and commercialization of SCB-2019 (CpG 1018/Alum). As a part of the reprioritization of resources, the Company proposed to exit the Shanghai R&D center and, as of the date of this announcement, the Company is still in the process of negotiation with the landlord and related vendors. The increase was also attributable to the increase in exchange losses due to fluctuations in exchange rates, while partially offset by the reversal of the inventory provision.

Finance Costs

The Group's finance costs primarily consist of (i) interest on lease liabilities, mainly in relation to the offices in Shanghai, Chengdu and Beijing for our operation and (ii) expenses associated with the issuance of our preferred shares, mainly comprising of consulting fees.

Our finance costs decreased by RMB4.6 million from RMB6.8 million for the six months ended June 30, 2021 to RMB2.2 million for the six months ended June 30, 2022. This decrease in finance costs was primarily due to the costs associated with the issuance of our series C preferred shares in the six months ended June 30, 2021 partially offset by the increase in interest expenses on lease liabilities.

Loss for the Period

As a result of the above, the loss of the Group decreased by RMB178.7 million from RMB1,314.8 million for the six months ended June 30, 2021 to RMB1,136.1 million for the six months ended June 30, 2022.

Non-IFRS Measure

To supplement the Group's interim condensed consolidated financial statements, which are presented in accordance with the IFRSs, we also provide adjusted loss for the period as supplemental information. Such measures are not required by the IFRSs, but the Company deems it useful information to its shareholders (the "**Shareholders**") and potential investors for the evaluation of the Group's interim condensed consolidated financial results.

Adjusted loss for the period represents the loss for the period excluding the effect of share-based payment expenses, and the change in fair value of the convertible redeemable preferred shares which is non-cash and non-recurring. This non-IFRS measure should not be considered in isolation from, or as a substitute for the analysis of, the Group's IFRS reporting. The Company's presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this non-IFRS measure is a better indication of the Group's normal operating result and a better basis of comparisons for operating performance from period to period.

The table below sets forth a reconciliation of the loss for the period to the adjusted loss for the period during the periods indicated:

	Six Months Ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(1,136,085)**	(1,314,750)
Added:		
Fair value changes of convertible redeemable preferred shares	**–**	555,879
Share-based payment expenses	**63,867**	34,269
Adjusted loss for the period	**(1,072,218)**	(724,602)

Selected Data from Interim Condensed Consolidated Statement of Financial Position

	As of June 30, 2022 ***RMB'000*** **(Unaudited)**	As of December 31, 2021 *RMB'000* (Audited)
Total current assets	**4,894,620**	5,076,495
Total non-current assets	**318,383**	269,165
Total Assets	**5,213,003**	5,345,660
Total current liabilities	**2,609,599**	2,148,109
Total non-current liabilities	**2,426,818**	1,978,403
Total liabilities	**5,036,417**	4,126,512
Net current assets	**2,285,021**	2,928,386

Liquidity and Source of Funding and Borrowings

As of June 30, 2022, the Group's cash and cash equivalents decreased by RMB511.8 million from RMB2,767.4 million as of December 31, 2021 to RMB2,255.6 million. The decrease primarily resulted from continued investment in R&D activities and preparation for the commercialization of SCB-2019 (CpG 1018/Alum).

As of June 30, 2022, the current assets of the Group totaled RMB4,894.6 million, including cash and cash equivalents and time deposits and restricted cash of RMB2,282.7 million, prepayments, other receivables and other assets of RMB1,075.4 million, and inventories of RMB1,536.5 million.

As of June 30, 2022, the current liabilities of the Group were RMB2,609.6 million, including contract liabilities of RMB1,489.0 million, trade payables of RMB970.7 million, other payables and accruals of RMB123.8 million, and lease liabilities (within one year) of RMB26.1 million.

As of June 30, 2022, the Group had no bank loans. In June 2022, the China Merchants Bank approved the Company for a one-year credit agreement for up to US$300 million to support potential working capital needs during commercial launch.

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks. The Group endeavors to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's funding and treasury policy from time to time to ensure its adequacy and effectiveness.

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2022, we did not hold any significant investments. We also did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures for the six months ended June 30, 2022.

Future Plans for Material Investments or Capital Assets

The Group had no other material capital expenditure plan as of the date of this announcement.

Contingent Liabilities

As of June 30, 2022, we did not have any contingent liabilities.

Gearing Ratio

The gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of June 30, 2022, our gearing ratio was 96.6% (December 31, 2021: 77.2%).

Capital Commitments

The capital commitments of the Group as of June 30, 2022 were RMB66.2 million, reflecting an increase of RMB0.7 million from RMB65.5 million as of December 31, 2021, primarily attributable to progress made in the construction of research and CMC facilities.

Pledge of Assets

As of June 30, 2022, the Group had no pledge of assets.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary operating subsidiaries. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2022.

Employees and Remuneration

As of June 30, 2022, the Group had 851 employees. The total remuneration cost incurred by the Group for the Reporting Period was RMB384.5 million. The following table sets forth the details of our employees by function as of June 30, 2022:

Function	Number of employee	% of total
R&D	291	34.2
Manufacturing and CMC	364	42.8
General and Administrative	196	23.0
Total	851	100.0

The remuneration package of our employees includes salary, bonus and equity incentives, which is generally determined by the employees' qualifications, industry experience, title and performance. We make contributions to social insurance and housing provident funds in accordance with relevant laws and regulations.

The Company has also adopted the RSU Scheme on April 15, 2021, the Pre-IPO Share Option Plan on April 15, 2021 and the Post-IPO Share Option Plan on September 26, 2021 to provide incentives for the eligible participants. For details, please refer to the paragraph headed "D. Share Incentive Plans" in Appendix IV to the Prospectus.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Other income and gains		**11,792**	8,074
Administrative expenses		**(225,343)**	(124,802)
Research and development expenses		**(855,265)**	(633,841)
Fair value changes of convertible redeemable preferred shares		**–**	(555,879)
Other expenses		**(65,092)**	(1,513)
Finance costs		**(2,177)**	(6,789)
LOSS BEFORE TAX	*4*	**(1,136,085)**	(1,314,750)
Income tax expense	*5*	**–**	–
LOSS FOR THE PERIOD		**(1,136,085)**	(1,314,750)
Attributable to:			
Owners of the parent		**(1,136,085)**	(1,314,750)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)			
Basic and diluted	*7*	**(1.05)**	(3.76)

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(1,136,085)**	(1,314,750)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**228,388**	6,707
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**228,388**	6,707
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(195,436)**	18,983
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(195,436)**	18,983
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**32,952**	25,690
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(1,103,133)**	(1,289,060)
Attributable to:		
Owners of the parent	**(1,103,133)**	(1,289,060)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022** ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**168,183**	155,689
Right-of-use assets		**77,120**	66,714
Intangible assets		**25,164**	13,828
Other non-current assets	*8*	**47,916**	32,934
Total non-current assets		**318,383**	269,165
CURRENT ASSETS			
Inventories		**1,536,471**	768,691
Prepayments, other receivables and other assets	*8*	**1,075,432**	1,441,637
Financial assets at fair value through profit or loss		**–**	30,908
Time deposits and restricted cash		**27,075**	67,888
Cash and cash equivalents		**2,255,642**	2,767,371
Total current assets		**4,894,620**	5,076,495
CURRENT LIABILITIES			
Trade payables	*9*	**970,733**	588,559
Other payables and accruals		**123,782**	114,524
Contract liabilities		**1,488,995**	1,423,546
Lease liabilities		**26,089**	21,480
Total current liabilities		**2,609,599**	2,148,109
NET CURRENT ASSETS		**2,285,021**	2,928,386
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,603,404**	3,197,551
NON-CURRENT LIABILITIES			
Lease liabilities		**54,127**	46,440
Deferred income		**2,372,691**	1,931,963
Total non-current liabilities		**2,426,818**	1,978,403
NET ASSETS		**176,586**	1,219,148
EQUITY			
Equity attributable to owners of the parent			
Share capital		**744**	742
Treasury shares		**(38)**	(49)
Reserves		**175,880**	1,218,455
Total equity		**176,586**	1,219,148

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 31 October 2018. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Group was principally engaged in the research and development of biopharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from 5 November 2021.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard ("**IAS**") 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 2021.

3. 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 2021, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or International Financial Reporting Interpretations Committee ("**IFRIC**") 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period.

During the six months ended 30 June 2022, no lease of the Group has been reduced or waived by the lessors as a result of the COVID-19 pandemic. The amendment did not have any impact on the financial position and performance of the Group.

(c) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to IFRS 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**612,654**	511,172
Depreciation of property, plant and equipment	**10,877**	3,791
Depreciation of right-of-use assets	**14,007**	3,163
Amortisation of intangible assets	**1,624**	240
Lease payments not included in the measurement of lease liabilities	**1,305**	604
Fair value changes of convertible redeemable preferred shares	**–**	555,879
Listing expenses	**–**	16,335
Auditor's remuneration	**400**	–

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**303,492**	138,179
Pension scheme contributions	**18,496**	7,285
Share-based payment expenses	**62,512**	32,996
Total of employee benefit expenses	**384,500**	178,460
Foreign exchange difference, net	**29,710**	1,479
Reversal of inventory provision*	**(7,442)**	–
Loss on disposal of property, plant and equipment*	**7,305**	–
Impairment of prepayments, other receivables and other assets*	**34,349**	–
Bank interest income	**(4,651)**	(3,007)
Government grants	**(6,911)**	(4,343)
Fair value gains, net:		
Financial assets at fair value through profit or loss	**(229)**	(323)

* Reversal of inventory provision, loss on disposal of property, plant and equipment and impairment of prepayments, other receivables and other assets (note 8) are included in "other expenses" in the consolidated statement of profit or loss.

5. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Mainland China

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "**PRC**") and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

Australia

The subsidiary incorporated in the Australia is subject to Australia statutory corporate income tax at a rate of 30%. However, the rate is reduced to 25% following a preliminary assessment of the base rate entity rules in accordance with the Australian tax law during the period.

United States of America

The subsidiary incorporated in Delaware, United States was subject to statutory United States federal corporate income tax at a rate of 21%.

United Kingdom

The subsidiary incorporated in the United Kingdom is subject to corporation income tax on its worldwide profits at 19%.

Ireland

The subsidiary incorporated in Ireland is subject to Ireland corporate income tax at a rate of 25% on the estimated assessable profits arising in Ireland during the period.

No current income tax and deferred income tax were charged for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

6. DIVIDENDS

No dividends have been declared or paid by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent of RMB1,136,085,000 (six months ended 30 June 2021: RMB1,314,750,000), and the weighted average number of ordinary shares. The weighted average number of shares for the six months ended 30 June 2022 is determined based on 1,086,304,000 shares in issue during the period. The weighted average number of shares for the six months ended 30 June 2021 is determined based on 350,000,000 shares (after adjusted for the effect of the Capitalisation Issue) issued pursuant to the Reorganisation had been in issue throughout the six months ended 30 June 2021.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) as share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the six months ended 30 June 2022 and 2021 are the same as the basic loss per share amounts.

The calculation of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the parent, used in the basic loss per share calculation:	**(1,136,085)**	(1,314,750)

	Number of shares	
	For the six months ended 30 June	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation:	**1,086,304,000**	350,000,000

8. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepayments	**1,083,037**	1,374,978
Value-added tax recoverable	**45,656**	73,477
Other receivables	**29,004**	26,116
	1,157,697	1,474,571
Impairment allowance	**(34,349)**	–
	1,123,348	1,474,571
Analysed into:		
Non-current portion	**47,916**	32,934
Current portion	**1,075,432**	1,441,637

Prepayments primarily consisted of advance payments to suppliers for raw materials, research and development services and machinery.

Value-added tax recoverable represented the value-added tax that can be used for future deduction.

The financial assets included in the above balances are other receivables that primarily consisted of deposits relating to office lease or services, which are non-interest-bearing, unsecured and repayable at the end of the lease or when the related services are completed. As at 30 June 2022, none of the balances of other receivables, except for the amount mentioned below which have been fully provided, is either due or impaired as they related to balances for which there was no history of default.

The movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At beginning of year/period	**–**	–
Impairment losses *(note 4)*	**(34,349)**	–
At end of year/period	**(34,349)**	–

In January 2022, the Company announced the start of construction of a new research and development center in Zhangjiang Hi-Tech Park, Shanghai, China ("Shanghai R&D Center") for expansion of preclinical development, process development and pilot manufacturing capabilities. In June 2022, the Company decided to reprioritize resources for the regulatory submission and commercialization of SCB-2019 (CpG 1018/Alum) and proposed to exit the Shanghai R&D Center project. The Company has assessed the progress of the project and undergone negotiation with the vendors and estimated that the prepayments and other receivables related to the proposed exit of Shanghai R&D Center project amounting to RMB34,349,000 were unlikely to be recovered, and, therefore, made full provision of such amount. The Company also recorded a loss on disposal of the construction in progress due to the proposed exit of Shanghai R&D center amounting to RMB7,305,000.

9. TRADE PAYABLES

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**928,950**	584,783
6 to 12 months	**39,598**	2,411
Over 1 years	**2,185**	1,365
	970,733	588,559

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

Interim Dividends

The Board does not recommend the payment of interim dividends for the Reporting Period.

Compliance with the Code Provisions as Set out in Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code")

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

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices. The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code during the Reporting Period.

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

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code")

The Company has adopted the Model Code. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

The Company has also established a policy on unpublished price-sensitive information ("**Inside Information**") to comply with its obligations under the Securities and Futures Ordinance and the Listing Rules.

The Company's relevant employees, who are likely to be in possession of Inside Information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

Review of Interim Results by Audit Committee

The Audit Committee comprises two independent non-executive Directors, namely Mr. Thomas LEGGETT and Mr. Jeffrey FARROW and a non-executive Director, namely Mr. Dong LYU. Mr. Thomas LEGGETT is the chairman of the Audit Committee. Mr. Jeffrey FARROW is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 have been reviewed by the Audit Committee and the independent auditors of the Company, Ernst & Young, who have performed an independent review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company during the Reporting Period.

Use of Net Proceeds From Global Offering

The Company's Shares were listed on the Stock Exchange on November 5, 2021. The net proceeds from the Global Offering amounted to approximately HKD1,884.3 million (equivalent to RMB1,549.0 million). As of June 30, 2022, approximately 55.8% of the net proceeds of the Global Offering had been utilized as follows:

Function	**% of use of proceeds (Approximately)**	**Planned application of net proceeds from the Global Offering** *HKD million*	**Planned application of net proceeds from the Global Offering** *RMB million*	**Actual usage up to June 30, 2022** *RMB million*	**Unutilized net proceeds as of June 30, 2022** *RMB million*
For the R&D, manufacturing and commercialization of our Core Products and related products	65.0%	1,224.8	1,006.9	602.6	404.3
For the R&D, manufacturing and commercialization of other products in our pipeline	22.5%	424.0	348.5	153.5	195.0
For working capital and other general corporate purposes	12.5%	235.5	193.6	108.0	85.6
Total	**100.0%**	**1,884.3**	**1,549.0**	**864.1**	**684.9**

Notes:

1. The net proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus. The unutilized net proceeds is expected to be fully utilized by December 31, 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of R&D and market conditions made by the Company. It will be subject to change based on the current and future development of market conditions.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of June 30, 2022, the unused net proceeds were deposited with certain licensed banks in Hong Kong and the PRC.

Events After the End of Reporting Period

Save as disclosed in the section headed "Management Discussion and Analysis – Business Review" and elsewhere in this announcement, no important events affecting the Company occurred subsequent to June 30, 2022 and up to the date of this announcement.

Principal Risks and Uncertainties

Our business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cloverbiopharma.com).

The interim report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners of the Company for their support and contribution to the Group.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board
Clover Biopharmaceuticals, Ltd.
Dr. Peng LIANG
Chairman of the Board

Shanghai, PRC, August 24, 2022

As of the date of this announcement, the Board comprises Dr. Peng LIANG and Mr. Joshua G LIANG as executive Directors; Dr. Xiaodong WANG, Mr. Dong LYU, Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS as non-executive Directors; and Dr. Xiaobin WU, Mr. Xiang LIAO, Mr. Jeffrey FARROW and Mr. Thomas LEGGETT as independent non-executive Directors.