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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 2023

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	For the six months ended 30 June		
	2023	2022	Change
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	(unaudited)	
Other income	**5,533**	4,829	14.6
Other gains and losses, net	**(20,269)**	3,101	(753.6)
Administrative expenses	**(25,035)**	(46,253)	(45.9)
Research and development expenses	**(74,315)**	(100,057)	(25.7)
Finance costs	**(4,372)**	(3,098)	41.1
Other expenses	**(144)**	(720)	(80.0)
Loss before tax	**(118,602)**	(142,198)	(16.6)
Income tax expense	**–**	–	–
Loss and total comprehensive expenses for the period	**(118,602)**	(142,198)	(16.6)

	For the six months ended 30 June		
	2023	2022	Change
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	(unaudited)	
Loss and total comprehensive expenses for the period attributable to:			
Owners of the Company	**(118,114)**	(140,328)	(15.8)
Non-controlling interests	**(488)**	(1,870)	(73.9)
	(118,602)	(142,198)	
Loss per share	***RMB***	*RMB*	
– Basic	**(0.23)**	(0.27)	
– Diluted	**(0.23)**	(0.27)	

	At 30 June	At 31 December	
	2023	2022	Change
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	(audited)	
Non-current assets	**721,567**	761,323	(5.2)
Current assets	**316,223**	118,114	167.7
Current liabilities	**174,535**	208,474	(16.3)
Net current assets (liabilities)	**141,688**	(90,360)	256.8
Non-current liabilities	**475,488**	164,594	188.9
Net assets	**387,767**	506,369	(23.4)

The Board hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022.

CORPORATE PROFILE

Overview

The Group is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for almost 17 years. EAL® – its 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. The EAL®-related research began in 2006, and the Group has improved upon its cell culture system and methods, and developed its proprietary, patented technology platform for the production of EAL® cells.

The Group has selected the prevention of postsurgical recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. It plans to submit the application for the commercialisation of EAL® in the PRC market after achieving statistically significant result for its clinical trials.

The Company's 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®, the main product candidates include 6B11, the CAR-T cell series and the TCR-T cell series.

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

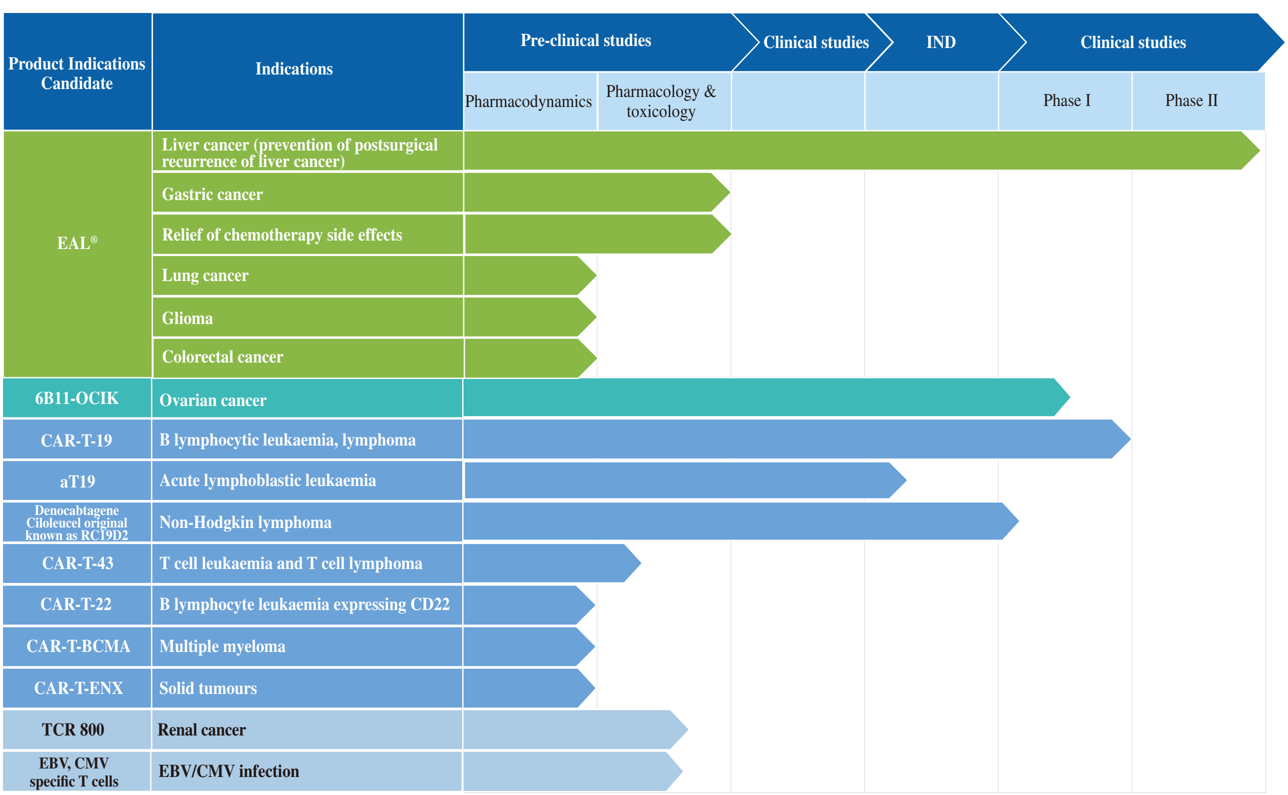
The Company has also established technology platforms necessary for the R&D of cellular immunotherapy products and in place an organisational and management platform for clinical trials.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

R&D of the product candidates

The following chart summarises the product candidates and the R&D status as at the date of this announcement:



Cautionary statement required by Rule 18A.08(3) of the Listing Rules: The Company may not be able to ultimately develop and market its product candidates (including its 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 the 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 the Company's communications with the CDE, the Company 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. The Company 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 this announcement, the Company has completed the enrollment of 430 targeted patients for the Phase II clinical trial. The Company is confident that it will submit a pre-NDA meeting application for the product to the NMPA in 2023 and hopefully launch the product in 2024.

CAR-T cell product pipeline

The CAR-T-19 series forms the core of the CAR-T cell product pipeline.

The CAR-T-19 injection product candidate is indicated for the treatment of pediatric and young adult patients up to and including 25 years of age with relapsed/refractory B cell acute lymphoblastic leukaemia (B-ALL). In December 2020, the Company 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. As at the date of this announcement, the Company has completed the enrollment of 10 targeted patients for the Phase I clinical trial for CAR-T-19 injection. It is expected that the targeted patient enrollment will be completed and the preliminary analysis and results will be published in 2023. Based on the current progress, the Company is confident that it will conduct the Phase II clinical trial of CAR-T-19 in the fourth quarter of 2023.

In March 2023, the Company has obtained the clinical approval for the denocabtagene ciloleucel injection from the NMPA. Denocabtagene ciloleucel injection, originally known as RC19D2, CAR-T-19-D2 and CAR-T-19-DNR, targets immunosuppressive molecule TGF-ß, is an injection for the treatment of patients with relapsed and refractory diffuse large B-cell lymphoma. The injection has the 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. Based on the current progress, the Company expects to conduct the clinical trial of denocabtagene ciloleucel injection in 2023.

Based on the technology of the CAR-T-19 injection, the denocabtagene ciloleucel 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. The Company established single-cell sequencing-based technology platform to obtain different HLA-restricted TCR coding sequences for specific antigens. Subsequently, the TCR genes are inserted into the 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, the Company intends to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA could be recognised.

With a view to overcoming the immunosuppressive mechanisms of tumours, the Company has constructed expression vectors that co-express TCR and CXCR3, IL-12, or TGF-ß DNR, and it plans 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.

The Company has 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 CMV, EBV and HPV.

The Company 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 the Group, the Company 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 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 cellular immune antibodies 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.

As at the date of this announcement, the Company has completed the enrollment of six targeted patients for the Phase I clinical trial for 6B11-OCIK Injection. The Company intends to complete the enrollment of targeted patients and publish the preliminary analysis and results in 2023.

The Group's facilities

The Company has a total area of approximately 27,866 sq.m. for a R&D and manufacturing centre in Beijing, which includes a quality inspection building and clean laboratory. Such facilities are capable of supporting the pre-clinical and clinical R&D of cellular immunotherapy product candidates, as well as the early production needs upon marketing approval for the product candidates. All these facilities have been issued clean facility (area) inspection reports by the Beijing Institute for Drug Control. Leadman manufacturing shop and the Guosheng Laboratory in Beijing have the capacity to handle approximately 40,000 samples per year, and can satisfy the needs from the clinical trials for the product pipeline for two to three years, as well as the early production needs from the commercialisation of EAL®. In addition, the Company has established a research centre in Korea, primarily focusing on the development of new technologies relevant to the Group's business.

In order to expedite the clinical trials and prepare for the future commercialisation roadmap, the Company is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hours transportation radius for EAL®, namely:

- Northern China region:

    - On 9 October 2021, Beijing Yongtai as the tenant, entered into the Lease Agreement with Leadman as the landlord in relation to the lease of a premise. Based on preliminary estimation of the Company, the value of the right-of-use assets in respect of the premise, after the relevant addition adjustments, shall amount to approximately RMB99.1 million in aggregate. The premise is used for carrying out the engineering modification and manufacturing of the Group's core product EAL®. The premise will allow the Group to carry out the necessary testing and quality assurance procedures and production for the purpose of the commercialisation of the Group's Core Product Candidate. As at the date of this announcement, the engineering modification of Leadman manufacturing shop is completed and the trial operation has begun.

    - On 17 June 2021, the commencement ceremony for the construction of the R&D and industrialisation base 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:

  - On 24 February 2021, 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) in relation to, among others, establishing the proposed 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. As of 30 June 2023, the Group has started the construction of the production centre in Shaoxing.

  - On 11 May 2022, Shanghai Yongtai Immunobiological Products Co Ltd (上海永泰免疫生物製品有限公司), a wholly owned subsidiary of the Company, as the leasee, entered into a land use rights grant contract with Shanghai Songjiang Bureau of Planning and Natural Resources* (上海市松江區規劃和自然資源局) as the leasor, in relation to lease a land located in Shanghai Songjiang Industrial Area, with a total site area of approximately 21,848.6 sq.m. (the "**Land**"). The Land is for industrial use and the term of the land use right for the Land is 20 years from the delivery date of the Land. The Company intends to use the Land for R&D centre of the product candidates in the Eastern China region.

Quality assurance

The Company has formulated the 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. The Company has 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 the Company's quality management procedures, final products can be released only after the 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. The Company has developed comprehensive standards in relation to the production process in order to ensure that the product is of consistent quality.

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

The head of the quality department reports directly to the CEO. There are six sub-teams within the quality department and they are responsible for quality assurance, quality control, R&D quality assurance, R&D quality control, quality verification and molecule test respectively. As of 30 June 2023, there were 45 staff members in the quality department.

Future and outlook

Expand the geographical regions for commercialisation of EAL®

The Company plans to further increase investment into expanding the geographical regions 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, the Company confirmed the sites in Beijing, Shaoxing and Shanghai to construct production centres. The Company is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hours transportation radius for EAL®. After establishing its presence in Beijing, Shaoxing and Shanghai, the Company plans to build production centres in other major cities such as Guangzhou and Chengdu.

The first patient for the Phase II clinical trial for EAL® was enrolled in September 2018, and as at the date of this announcement, the Company has completed the enrollment of 430 targeted patients for the Phase II clinical trial. The Company is confident that it will submit a pre-NDA meeting application for the product to the NMPA in 2023 and hopefully launch the product in 2024.

Expedite the research into the expansion of indications for EAL®

The Company intends 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® indicated for liver cancer, the Company plans to expand its clinical indications to diseases such as lung cancer, gastric cancer, glioma and colorectal cancer. The Company is currently conducting a pre-clinical study of EAL® for gastric cancer as indication. The pharmacodynamics study has been completed and the pharmacology and toxicology studies are in the progress. The Company expects to submit the clinical study application to the CDE of the NMPA in 2025 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 of the EAL®-treated group was 27.0 months, while that of the control group was 13.9 months. In another study by Guoqing 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 overall survival 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

The Company plans to continue to invest into its CAR-T and TCR-T cell product pipelines. In particular, in March 2023, the Company has obtained the clinical approval for the denocabtagene ciloleucel injection from the NMPA which is targeted to enter its clinical trial in 2023.

In the area of overcoming the immunosuppressive mechanisms of tumours, the Company intends to continue the 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. The Company expects that the denocabtagene ciloleucel injection, which targets immunosuppressive molecule TGF-ß, will be the first product candidate to enter into clinical study. The Company plans to validate the product candidate's primary safety and efficacy through 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, the Company is 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. The first product candidate in this category is the aT19 injection.

Enhance the technology platform and strengthen the product pipeline

The Company is committed to continuing its studies in cellular immunotherapy products appropriate for different tumour types and stages as well as for malignant disease caused by viruses with improved efficacy compared to currently-available products.

In the area of neoantigens formed from tumour mutations in solid tumours, the Company intends 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. In the area of malignant disease caused by viruses such as CMV, EBV and HPV, the Company is conducting research into TCR-T cell products targeting at cells expressing virus antigens.

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

The Company established the viral vector production system, which it meets the pharmaceutical production quality standards under GMP requirements. The viral vectors that the Company has 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 the high degrees of individualisation and the nature as biological active products, cellular immunotherapy products are subject to R&D 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, the Company has established a systematic technology platform for the R&D of cellular immunotherapy products, and it can provide customised services according to the needs of customers.

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

The Company intends to expand strategic collaboration and explore acquisition opportunities on the basis of the organic growth, in order to quickly expand the product pipeline covering the treatment of both solid and non-solid tumours. With a view to further enhancing the product pipeline, the Company intends 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 or has not been reviewed by the auditor of the Company, but has been reviewed by the Audit Committee.

FINANCIAL REVIEW

The following table summarises the Group's results of operations for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023	2022	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
	(unaudited)	(unaudited)		
Other income	**5,533**	4,829	704	14.6
Other gains and losses, net	**(20,269)**	3,101	(23,370)	(753.6)
Administrative expenses	**(25,035)**	(46,253)	21,218	(45.9)
Research and development expenses	**(74,315)**	(100,057)	25,742	(25.7)
Finance costs	**(4,372)**	(3,098)	(1,274)	41.1
Other expenses	**(144)**	(720)	576	(80.0)
Loss before tax	**(118,602)**	(142,198)	23,596	(16.6)
Income tax expense	**–**	–	–	–
Loss and total comprehensive expenses for the period	**(118,602)**	(142,198)	23,596	(16.6)
Loss and total comprehensive expenses for the period attributable to:				
Owners of the Company	**(118,114)**	(140,328)	22,214	(15.8)
Non-controlling interests	**(488)**	(1,870)	1,382	(73.9)
	(118,602)	(142,198)		
Loss per share	***RMB***	*RMB*		
– Basic	**(0.23)**	(0.27)		
– Diluted	**(0.23)**	(0.27)		

Other income

Other income of the Group increased by approximately 14.6% from approximately RMB4.8 million for the six months ended 30 June 2022 to approximately RMB5.5 million for the six months ended 30 June 2023, which was primarily due to the increase in government grant recognised as other income during the Reporting Period.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income received from provision of cell cryopreservation services *(Note)*	**355**	355
Income received from technical services	**–**	75
Interest income on bank balances and deposits	**1,448**	2,320
Interest income on financial assets at at fair value through other comprehensive income	**848**	–
Interest income from rental deposits	**96**	93
Government grants		
– Research and development activities	**2,617**	1,756
– Machinery	**66**	67
– Others	**103**	163
Total	**5,533**	4,829

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 753.6% from gains of approximately RMB3.1 million for the six months ended 30 June 2022 to losses of approximately RMB20.3 million for the six months ended 30 June 2023, which was primarily because of fair value losses on financial assets at fair value through profit or loss ("**FVTPL**") and a fair value loss on other financial liability during the Reporting Period. For details, please refer to note 6 to the condensed consolidated financial statement for the six months ended 30 June 2023 in this announcement.

The net other gains and losses for the Reporting Period consisted of exchange gains and losses, fair value losses on financial assets at FVTPL and a fair value loss on other financial liability.

Administrative expenses

Administrative expense of the Group decreased by approximately 45.9% from approximately RMB46.3 million for the six months ended 30 June 2022 to approximately RMB25.0 million for the six months ended 30 June 2023, which was primarily due to the decrease in staff costs, professional fees and depreciation expenses during the Reporting Period.

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

Research and development expenses

Research and development expenses of the Group decreased by approximately 25.7% from approximately RMB100.1 million for the six months ended 30 June 2022 to approximately RMB74.3 million for the six months ended 30 June 2023, which was primarily due to the decrease in staff costs during the Reporting Period.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of materials for research and development project	**6,473**	10,796
Staff costs	**26,419**	43,744
Share option costs	**–**	2,056
Contracting costs	**10,871**	20,048
Depreciation and amortisation	**20,477**	13,559
Others	**10,075**	9,854
Total	**74,315**	100,057

Finance costs

Finance costs of the Group increased by approximately 41.1% from approximately RMB3.1 million for the six months ended 30 June 2022 to approximately RMB4.4 million for the six months ended 30 June 2023, which was primarily due to the increase in interest expenses on lease liabilities recognised pursuant to IFRS 16.

Loss before tax

For the above reasons, the loss before tax of the Group decreased by approximately 16.6% from approximately RMB142.2 million for the six months ended 30 June 2022 to approximately RMB118.6 million for the six months ended 30 June 2023.

Income tax expense

For the six months ended 30 June 2023, the Company is 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 its Hong Kong subsidiary, which was subject to Hong Kong profit tax during the Reporting Period. The 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. One of the PRC subsidiaries, Beijing Yongtai was accredited as a High And New Technology Enterprise for a three-year period commencing from 31 October 2018 and it was accredited as a High And New Technology Enterprise again for a three-year period on 17 December 2021. Accordingly, Beijing Yongtai enjoyed a lower tax rate of 15% during the Reporting Period.

Liquidity and capital resources

The bank balances and cash increased by approximately RMB75.3 million from approximately RMB58.4 million as at 31 December 2022 to approximately RMB133.7 million as at 30 June 2023, which was primarily due to the receipt of the principle amount for issuance of the Convertible Bonds from the Investor.

In February 2023, the issuance of the Convertible Bonds was completed and the Company received the aggregate principle amount of RMB300 million. Details are set out in the Company's announcement dated 20 February 2023.

INDEBTEDNESS

Lease liabilities

As at 30 June 2023, the lease liabilities were approximately RMB140.0 million. The lease liabilities were secured by rental deposits and unguaranteed.

Contingent liabilities, charge of assets and guarantees

The Group obtained a bank borrowing of RMB1.0 million in June 2022, which will mature in June 2030. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.6% per annum. The borrowing was secured by bank deposits owned by the Group amounted to RMB1.0 million as at 30 June 2023.

In February 2023, the Company completed issuance of the Convertible Bonds.

The Convertible Bonds are secured by the security for the Company's payment obligations and the performance of Company's obligations in respect of the Convertible Bonds. The security includes the assets mortgage and the share mortgages.

The assets mortgage includes the mortgage of: (1) a land use right; and (2) other pledged assets including certain equipment and financial assets at fair value through profit or loss, of the Group.

The share mortgages include the Shares charged by the Tan Zheng Ltd and Tan Yue Yue Ltd under the transaction documents, which amounts to 19,285,714 Shares held by Tan Zheng Ltd and 6,714,286 Shares held by Tan Yue Yue Ltd.

Save as disclosed above, the Group 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 2023.

CAPITAL STRUCTURE

The Shares were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 Shares 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 2023, 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 62.6% debt and 37.4% equity as at 30 June 2023, compared with 42.4% debt and 57.6% equity as at 31 December 2022.

Completion of issue of Convertible Bonds under specific mandate

On 20 February 2023, the Board announced that all the conditions precedent under the Subscription Agreement have been fulfilled and the Convertible Bonds in the aggregate principal amount of RMB300 million have been issued to the Investor. The Convertible Bonds are convertible into the Company's ordinary Shares of US$0.001 each at an initial Conversion Price of HK$4.81 per Conversion Share, equivalent to RMB4.38 per Conversion Share (subject to adjustments). The Conversion Shares has been issued by the Company pursuant to the specific mandate granted to the Directors at the extraordinary general meeting held on 11 January 2023 which authorised the Company to issue and allot up to 68,493,150 Shares to the Investor. The interest rate is 6% per annum on the outstanding principal amount of the Convertible Bonds. Such interest shall accrue on a daily basis and shall be payable in arrears by the Company on the first anniversary, second anniversary and the maturity date.

The reasons for the issue of Convertible Bonds are as follows: the Company is in need of capital for its operation and research and development of pipeline and commercialisation of its products. The Company wants to seek an experienced and reputable business partner in the industry to assist its research and development and commercialisation of its products. As the Investor was one of the cornerstone investors of the Listing and is familiar with the business of the Company, the Directors consider the issue of the Convertible Bonds to raise funds will provide an opportunity for the Company to enhance its working capital and financial position and support the business development of the Group. They also consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Company has considered alternative financing methods such as internal cash resources or bank financing that was available to the Company. Given that the Company is currently still in pre-revenue stage, most commercial banks in the PRC were only available to provide fundings under the condition that the Company has achieved positive cash flow. Taking into consideration the prevailing market condition, the financial position of the Group, and the Company's funding needs for its operation, research and development and commercialisation of its products, the Directors consider that it is a prudent way to issue the Convertible Bonds, even the Shareholders may suffer dilution effects under the Convertible Bonds upon conversion of the Conversion Shares (if any).

Further details of the Convertible Bonds are set out in the circular of the Company dated 16 December 2022.

In February 2023, the Company received the aggregate principal amount of RMB300 million, of which (a) approximately RMB102.3 million will be applied for EAL® clinical trial and the Company is expected to utilise the said fund by the end of 2023; and (b) approximately RMB197.7 million will be applied for the construction costs of new research and development and production centres and the Company is expected to utilise the remaining fund by the end of 2025.

As at 30 June 2023, the Company utilised a total of approximately RMB63.3 million of the proceeds. The table below sets out the planned applications of the net proceeds from the Convertible Bonds and actual usage up to 30 June 2023:

Use of proceeds	**Allocation of the net proceeds from the Convertible Bonds** *(RMB million)*	**Utilised amount up to 30 June 2023** *(RMB million)*	**Unutilised amount as at 30 June 2023** *(RMB million)*	**Expected timeline of full utilisation of the remaining proceeds from the Convertible Bonds**
EAL® clinical trial	102.3	49.8	52.5	By the end of 2023
Construction costs of new research and development and production centres	197.7	13.5	184.2	By the end of 2025
Total	300.0	63.3	236.7	

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 the Group conducts business may affect its 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 its 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 2023 (unaudited)	As at 31 December 2022 (audited)
Current ratio[(1)]	**1.81**	0.57
Quick ratio[(2)]	**1.78**	0.53
Gearing ratio[(3)]	**0.00**	0.00

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 materials for research and development project divided by (b) current liabilities as at the end of the period.

(3) Gearing ratio equals total borrowings divided by total equity as at the end of the period.

The current ratio increased from 0.57 as at 31 December 2022 to 1.81 as at 30 June 2023 and the quick ratio increased from 0.53 as at 31 December 2022 to 1.78 as at 30 June 2023 because the bank balances and cash of the Group increased from approximately RMB58.4 million as at 31 December 2022 to approximately RMB133.7 million as at 30 June 2023. The gearing ratio remained at 0.00 as at 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		For the six months ended 30 June	
	Notes	**2023**	2022
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Other income	*5*	**5,533**	4,829
Other gains and losses, net	*6*	**(20,269)**	3,101
Administrative expenses		**(25,035)**	(46,253)
Research and development expenses		**(74,315)**	(100,057)
Finance costs		**(4,372)**	(3,098)
Other expenses		**(144)**	(720)
Loss before tax		**(118,602)**	(142,198)
Income tax expense	*7*	**–**	–
Loss and total comprehensive expenses for the period	*8*	**(118,602)**	(142,198)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		**(118,114)**	(140,328)
Non-controlling interests		**(488)**	(1,870)
		(118,602)	(142,198)
Loss per share (RMB)	*10*		
– Basic		**(0.23)**	(0.27)
– Diluted		**(0.23)**	(0.27)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**505,598**	527,251
Intangible assets	*12*	**42,855**	42,486
Prepayments, deposits and other receivables	*13*	**41,944**	48,881
Contract costs		**590**	720
Financial assets at fair value through profit or loss ("**FVTPL**")	*14*	**128,770**	140,175
Pledged bank deposits		**1,810**	1,810
		721,567	761,323
CURRENT ASSETS			
Contract costs		**256**	256
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	*15*	**110,847**	–
Financial assets at FVTPL	*14*	**22,289**	21,010
Materials for research and development project		**6,196**	7,213
Pledged bank deposits		**856**	–
Prepayments, deposits and other receivables	*13*	**42,039**	31,187
Bank balances and cash		**133,740**	58,448
		316,223	118,114
CURRENT LIABILITIES			
Contract liabilities		**710**	710
Trade and other payables	*16*	**145,461**	167,989
Lease liabilities		**25,195**	26,056
Deferred government grants	*17*	**3,169**	3,650
Other financial liabilities	*18*	**–**	10,069
		174,535	208,474
NET CURRENT ASSETS (LIABILITIES)		**141,688**	(90,360)
TOTAL ASSETS LESS CURRENT LIABILITIES		**863,255**	670,963

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Contract liabilities		**1,629**	1,984
Lease liabilities		**114,768**	122,750
Other financial liabilities	*18*	**320,221**	–
Deferred government grants	*17*	**37,870**	38,860
Bank borrowing	*19*	**1,000**	1,000
		475,488	164,594
NET ASSETS		**387,767**	506,369
CAPITAL AND RESERVES			
Share capital		**3,576**	3,576
Reserves		**386,745**	504,859
Equity attributable to owners of the Company		**390,321**	508,435
Non-controlling interests		**(2,554)**	(2,066)
TOTAL EQUITY		**387,767**	506,369

1. GENERAL INFORMATION

Immunotech Biopharm Ltd (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act Chapter 22 (Law of 3 of 1961, as consolidated and revised) of the Cayman Islands on 11 April 2018. Its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from 10 July 2020. The address of the Company's registered office is at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 8/F, Block 1, Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-Technological Development Area, Beijing, the PRC.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in research and development, manufacturing and commercialisation of immune cell products for treatments of cancers in the PRC. 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 ("**IAS**") 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 certain financial instruments that are measured at fair value.

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 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

The application of the new and 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.

Geographical information

The Group did not record any revenue during the six months ended 30 June 2023 (the six months ended 30 June 2022: nil). As at 30 June 2023, the Group's non-current assets excluding financial instruments amounted to RMB587,786,000 (31 December 2022: RMB615,362,000). Majority of the Group's non-current assets are located in the PRC, accordingly, no analysis of geographical information is presented.

5. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income received from provision of cell cryopreservation services	**355**	355
Income received from technical services	**–**	75
Interest income on bank balances and deposits	**1,448**	2,320
Interest income on financial assets at FVTOCI	**848**	–
Interest income from lease deposits	**96**	93
Government grants		
– Research and development activities	**2,617**	1,756
– Machinery	**66**	67
– Others	**103**	163
Total	**5,533**	4,829

6. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Exchange gain (loss), net	**76**	(103)
Fair value (loss) gain on financial assets at FVTPL	**(10,126)**	3,497
Fair value loss on other financial liabilities	**(10,152)**	–
Loss on disposal of property, plant and equipment	**(83)**	(20)
Loss on early termination of leases	**–**	(279)
Others	**16**	6
Total	**(20,269)**	3,101

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	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 and the unused tax losses could be utilised for 10 years since 2013. In 2021, the accreditation of "High and New Technology Enterprise" of Beijing Yongtai has been extended to December 2024. Accordingly, the profits derived by Beijing Yongtai is subject to EIT rate of 15% for the six months ended 30 June 2023 (the six months ended 30 June 2022: 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 Group's Hong Kong subsidiary for both periods.

As at 30 June 2023, the Group had estimated unused tax losses of approximately RMB1,407,336,000 (31 December 2022: RMB1,272,704,000) 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 2023 or 31 December 2022 due to the unpredictability of future profit streams.

8. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2023	2022
	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	**35,106**	55,092
– retirement benefits	**3,242**	5,271
– equity-settled share-based payment included in administrative expenses	**–**	527
– equity-settled share-based payment included in research and development expenses	**–**	2,056
Total staff costs	**38,348**	62,946
Depreciation of property, plant and equipment	**24,610**	22,110
Capitalised in construction in process	**(1,275)**	(1,254)
	23,335	20,856
Amortisation of intangible assets	**1,560**	982
Cost of raw materials and other consumables included in research and development expenses	**6,473**	10,796
Sub-contracting costs included in research and development expenses	**10,871**	20,048

9. DIVIDEND

No dividends (the six months ended 30 June 2022: nil) were paid, declared or proposed during the current period. The directors of the Company (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	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(118,114)**	(140,328)

	For the six months ended 30 June	
	2023	2022
	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**	514,584

For the purpose of calculation of diluted loss per share for the six months ended 30 June 2022, 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.

The computation of diluted earnings per share for the six months ended 30 June 2023 does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result into an anti-dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT

The Group acquired additional equipment of RMB3,126,000 in relation to its engineering modification and manufacturing of core product during the current interim period (six months ended 30 June 2022: acquired additional equipment of RMB29,102,000 in relation to its engineering modification and manufacturing of core product).

12. INTANGIBLE ASSETS

On 11 January 2021, the Company, entered into a license agreement with T-Cure Bioscience, Inc. ("**T-Cure**"), pursuant to which T-Cure agreed to grant an exclusive license to the Company to use the patent rights and technology of T-Cure for the development, manufacturing and commercialisation of licensed products in Korea and the PRC in the field of immunotherapy for renal cell carcinoma.

As the transfer of the relevant technologies agreed upon in the agreement was completed in March 2022, the Company recorded an intangible assets in relation to the upfront payment and the first milestone payment with total amount of US$3,000,000 (equivalent to RMB19,316,000).

The Group also acquired additional software of RMB1,409,000 in relation to its commercialisation and improving management efficiency during the current interim period (the six months ended 30 June 2022: acquired additional software of RMB4,384,000 in relation to its commercialisation and improving management efficiency).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Prepayments to suppliers and service providers	**29,195**	29,113
Value added tax recoverables	**12,556**	7,852
Prepayments for purchase of property, plant and equipment	**37,323**	37,553
Advances to employees	**25**	206
Receivables from disposal of property, plant and equipment	**–**	724
Rental deposits	**3,201**	3,105
Other deposits	**1,283**	1,349
Others	**400**	166
	83,983	80,068
Analysed as:		
Non-current	**41,944**	48,881
Current	**42,039**	31,187
	83,983	80,068

14. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Investment in the Tasly Fund *(Note i)*	**77,918**	88,913
Investment in the Shaoxing Fund *(Note ii)*	**50,852**	51,262
Investment in a financial product *(Note iii)*	**22,289**	21,010
Total	**151,059**	161,185

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 each of the partners will be entitled to share the profit or 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. In June 2021, the Tasly Fund has made the investment of HK$146,220,000 (equivalent to RMB119,769,000) to acquire the 100% ordinary shares of Paul International Investment Limited ("**Paul International**") which held 12.3% ordinary shares of a bio-science company based in Korea ("**Target A**").

The fair value of investment in the Tasly Fund is as follows:

	Investment in the Tasly Fund *HK$'000*	**Shown in the consolidated financial statements as** *RMB'000*
At 1 January 2023	**99,536**	**88,913**
Change in fair value *(Note)*	**(15,025)**	**(10,995)**
At 30 June 2023	**84,511**	**77,918**

Note: Change in fair value presented in RMB also includes the exchange effect on translation from HK$ balances into RMB.

As at 30 June 2023, the fair value of investment in the Tasly Fund was determined by the Directors with assistance from an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The Tasly Fund engages in investment management, its operation purely depends on the investment it held. Its long-term investment was equity holding in Paul International, and the valuation method was described as below. The valuations of the remaining assets and liabilities of the Tasly Fund, other than long term investment, are carried out by reference to their book values.

Discounted cash flow method was used to determine the underlying equity value of Target A as at 30 June 2023 (31 December 2022: discounted cash flow method). In arriving at assessed value of the preferred shares and ordinary shares of Target A as at the valuation date, hybrid method was adopted to allocate the equity value among the preferred shares and ordinary shares.

Key valuation assumptions used to determine the fair value of the Preference Shares are as follows:

	As at 30 June 2023	As at 31 December 2022
Time to IPO *(Note)*	**5.5 year**	2.0 year
Time to the redemption event	**1.5 year**	2.0 year
Risk-free interest rate	**4.09%, 5.14%**	4.22%, 4.41%
Volatility	**66.29%, 67.29%**	61.57%, 69.29%
Discount rate (per annum)	**15.30%**	15.30%
Discount for lack of marketability	**28.00%**	23.90%

Note: The expected IPO date of Target A changed from 2024 as at 31 December 2022 to 2028 as at 30 June 2023 due to the delay in the research and development progress for the core products of Target A.

ii. In February 2021, the Company's subsidiary, Beijing Yongtai, entered into a subscription agreement 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**"). Subject to the terms of the limited partnership agreement, the initial term of the Shaoxing Fund shall be seven years and each of the partners will be entitled to share the profit or 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 Health Technology Co., Ltd.* (天津金新健康科技有限公司), has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Shaoxing Fund.

The 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. The Shaoxing Fund made the investment of RMB500,000,000 to subscribe convertible bonds of a company principally engaged in gene testing services in Mainland China ("**Target B**"). The convertible bonds carry interests of 6% per annum and will mature in May 2024. The Shaoxing Fund may exercise its conversion option during the term of the investment and the conversion price is subject to negotiation between the Shaoxing Fund and Target B with reference to the then fair value.

The fair value of investment in the Shaoxing Fund is as follows:

	Investment in the Shaoxing Fund *RMB'000*
At 1 January 2023	**51,262**
Change in fair value	**(410)**
At 30 June 2023	**50,852**

As at 30 June 2023, the fair value of investment in the Shaoxing Fund was determined by the Directors with assistance from an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The Shaoxing Fund engages in investment management, its operation purely depends on the investment it held. Its long-term investment was convertible bonds held in Target B, the fair value of the convertible bonds was determined using discounted cash flow method based on a discount rate of 12.50% per annum (31 December 2022: 8.05% per annum). The valuations of the remaining assets and liabilities of the Shaoxing Fund, other than long term investment, are carried out by reference to their book values.

iii. In November 2022, the Group invested in a financial product of US$3,000,000 (equivalent to RMB22,029,000) managed by a financial institution in Hong Kong which can be redeemed at maturity in August 2023. There is no predetermined or guaranteed return for the product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9.

	Investment in a financial product ***US$'000***	**Shown in the consolidated financial statements as** ***RMB'000***
At 1 January 2023	**3,017**	**21,010**
Change in fair value *(Note)*	**68**	**1,279**
At 30 June 2023	**3,085**	**22,289**

Note: Change in fair value presented in RMB also includes the exchange effect on translation from US$ balances into RMB.

15. FINANCIAL ASSETS AT FVTOCI

	30 June 2023 ***RMB'000***	31 December 2022 *RMB'000*
Certificates of deposits	**110,847**	–

During the Reporting Period, the Group invested in certain certificates of deposits with a bank in the PRC. The certificates of deposits carry fixed interest rates which range from 2.70% to 3.00% per annum.

The Directors determine the certificates of deposits are mainly for the purpose of short-term fund management, which will be sold in the secondary market within one year, therefore the certificates of deposits are classified as current assets.

16. TRADE AND OTHER PAYABLES

	As at 30 June 2023 ***RMB'000*** **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Trade payables	**33,482**	37,394
Payables for acquisition of property, plant and equipment	**85,616**	95,343
Accrued salaries and other allowances	**9,169**	16,287
Payables for acquisition of intangible assets	**8,797**	7,113
Payables for service expense	**7,078**	10,887
Bills payables	**856**	–
Others	**463**	965
	145,461	167,989

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 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Within 1 year	**20,651**	24,140
1 year to 2 years	**12,831**	13,254
	33,482	37,394

17. DEFERRED GOVERNMENT GRANTS

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Current	**3,169**	3,650
Non-current	**37,870**	38,860
	41,039	42,510

Movements in deferred government grants

	Government grants related to			
	Machinery *RMB'000*	**Research and development activities** *RMB'000*	**Other** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	**37,936**	**4,574**	**–**	**42,510**
Government grants received	**–**	**1,212**	**103**	**1,315**
Release of deferred government grants to profit or loss	**(66)**	**(2,617)**	**(103)**	**(2,786)**
At 30 June 2023	**37,870**	**3,169**	**–**	**41,039**

18. OTHER FINANCIAL LIABILITIES

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Forward contract to issue convertible bonds	**–**	10,069
Convertible Bonds	**320,221**	–
	320,221	10,069

On 28 October 2022, the Company and Tasly (Hong Kong) Pharmaceutical Investment Limited (the "**Investor**") entered into a convertible bonds subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the convertible bonds in the principal amount of RMB300 million at the initial Conversion Price of HK$4.81 per Conversion Share, equivalent to RMB4.38 per Conversion Share (subject to adjustments). The interest rate is 6% per annum on the outstanding principal amount of the Convertible Bonds. Such interest shall accrue on a daily basis and shall be payable in arrears by the Company on the first anniversary, second anniversary and the maturity date. The Investor is controlled by Tasly Pharmaceutical Group Co., Ltd. ("**Tasly Pharmaceutical**"), a listed company on Shanghai Stock Exchange. Both Tasly Pharmaceutical and Tasly Fund are controlled by Tasly Holding Group Co., Ltd.

In February 2023, the issuance of the Convertible Bonds was completed and the Company received the principle amount of RMB300 million.

The fair value of other financial liabilities is as follows:

	Forward contract to issue convertible bonds *RMB'000*	**Convertible Bonds** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	**10,069**	**–**	**10,069**
Addition	**–**	**300,000**	**300,000**
Change in fair value	**(10,069)**	**20,221**	**10,152**
At 30 June 2023	**–**	**320,221**	**320,221**

Key assumption and input used to determine the fair value of the Convertible Bonds as at 30 June 2023 are as follows:

Bond maturity	2.64 years
Volatility	73.31%
Risk-free interest rate	2.17%
Discount rate for the Company	38.46%

Volatility was estimated on 30 June 2023 based on the average of historical volatilities of the comparable companies in the same industry for a period of 2.64 years.

Risk-free interest rate was estimated based on the China government bond yield curve with similar time to maturity as at 30 June 2023.

Key assumption and input used to determine the fair value of the forward contract as at 31 December 2022 are as follows:

	RMB'000
Fair value of convertible bonds *(Note)*	309,818

Note: The Binomial Model was used to determine the fair value of convertible bonds and the key valuation assumptions and inputs are as follows:

Bond maturity	3 years
Volatility	48.67%
Risk-free interest rate	2.40%
Discount rate for the Company	26.78%

Volatility was estimated on the valuation date based on the average of historical volatilities of the comparable companies in the same industry for a period of three years.

Risk-free interest rate was estimated based on the China government bond yield curve with similar time to maturity as at 31 December 2022.

The Convertible Bonds are secured by the assets mortgage for the Company's payment obligations as at 30 June 2023 with carrying amounts as follows:

	At 30 June 2023 ***RMB'000***
Property, plant and Equipment	**216,989**
Investment in the Tasly Fund	**77,918**
Investment in the Shaoxing Fund	**50,852**
	345,759

19. BANK BORROWING

The Group obtained a bank borrowing of RMB1,000,000 in June 2022, which will mature in June 2030. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.6% per annum. The borrowing was secured by bank deposits owned by the Group amounted to RMB1,000,000 as at 30 June 2023. The intention of the drawdown of this bank borrowing is to activate the credit facility of RMB885 million for property, plant and equipment investment from a licensed bank which will be available when certain conditions are met.

20. 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 details of the Pre-IPO Share Options granted to the senior management and employees of the Group are as follows:

Type	Date of offer	Number of shares subject to the option	Vesting proportion	Vesting period	Exercise price per share
Executive directors: ("**Share Option A**")					
Mr Tan Zheng	31/12/2019	5,000,000	50%	2019.12.31-2020.12.31	50% of the global offering price (the "**Offer Price**")
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Dr Wang Yu	31/12/2019	23,450,000	50%	2019.12.31-2020.12.31	50% of the Offer Price
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Senior management: ("**Share Option B**")	31/12/2019	3,500,000	30%	2019.12.31-2020.12.31	50% of the Offer Price
			30%	2019.12.31-2021.12.31	50% of the Offer Price
			40%	2019.12.31-2022.12.31	50% of the Offer Price
Employees: ("**Share Option C**")	31/12/2019	2,550,000	50%	2019.12.31-2020.12.31	50% of the Offer Price
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Employees: ("**Share Option D**")	31/12/2019	3,000,000	30%	2019.12.31-2020.12.31	50% of the Offer Price
			30%	2019.12.31-2021.12.31	50% of the Offer Price
			40%	2019.12.31-2022.12.31	50% of the Offer Price
Total		37,500,000			

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. 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 nil in respect of the Pre-IPO Share Options for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB2,583,000).

As at 30 June 2023, 35,930,000 (31 December 2022: 35,930,000) options were exercisable.

	Outstanding as at 1 January 2023 and 30 June 2023
Share Option A	**28,450,000**
Share Option B	**3,000,000**
Share Option C	**2,550,000**
Share Option D	**1,930,000**
	35,930,000

	Outstanding as at 1 January 2022	Forfeited due to resignation during the period	Outstanding as at 30 June 2022
Share Option A	28,450,000	–	28,450,000
Share Option B	3,000,000	–	3,000,000
Share Option C	2,550,000	–	2,550,000
Share Option D	2,050,000	(40,000)	2,010,000
	36,050,000	(40,000)	36,010,000

21. CAPITAL COMMITMENTS

	As at 30 June 2023 *RMB'000* **(unaudited)**	As at 31 December 2022 *RMB'000* (audited)
Capital expenditure in respect of the acquisition of machineries, leasehold lands, leasehold improvements and the construction project contracted for but not provided in the condensed consolidated financial statements	**581,451**	591,276

22. 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.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Financial assets at FVTPL

	NOTES	Fair value as at 30/06/2023 RMB'000 (unaudited)	Fair value as at 31/12/2022 RMB'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable input to fair value
Investment in the Tasly Fund	*13*	**77,918**	88,913	Level 3	Set out in Note 13	Volatility and discount rate	*Note i*
Investment in the Shaoxing Fund	*13*	**50,852**	51,262	Level 3	Set out in Note 13	Discount rate	*Note ii*
Investment in a financial product	*13*	**22,289**	21,010	Level 2	Redemption value quoted by financial institutions	N/A	*N/A*

Financial assets at FVTOCI

	NOTES	Fair value as at 30/06/2023 RMB'000 (unaudited)	Fair value as at 31/12/2022 RMB'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable input to fair value
Certificates of deposits	*14*	**110,847**	–	Level 2	Redemption value quoted by financial institutions	N/A	*N/A*

Financial liabilities

	NOTES	Fair value as at 30/06/2023 RMB'000 (unaudited)	Fair value as at 31/12/2022 RMB'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable input to fair value
Forward contract to issue convertible bonds	*18*	**–**	10,069	Level 3	Set out in Note 18	Volatility and discount rate	*N/A*
Convertible Bonds	*18*	**320,221**	–	Level 3	Set out in Note 18	Volatility and discount rate	*Note iii*

Notes:

i. A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the investment, and vice versa. If the discount rate was 1% higher or lower while holding all other variables constant, the carrying amount of investment in the Tasly Fund would decrease by RMB10,290,000 (31 December 2022: RMB12,053,000) or increase by RMB12,233,000 (31 December 2022: RMB14,441,000) as at 30 June 2023. If the volatility was 10% higher or lower while holding all other variables constant, the carrying amount of investment in the Tasly Fund would increase by RMB578,000 (31 December 2022: RMB267,000) or decrease by RMB535,000 (31 December 2022: RMB113,000) as at 30 June 2023.

ii. A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the investment, and vice versa. If the discount rate was 1.25% (31 December 2022: 0.80%) higher or lower while holding all other variables constant, the carrying amount of investment in the Shaoxing Fund would decrease by RMB516,000 (31 December 2022: RMB542,000) or increase by RMB526,000 (31 December 2022: RMB552,000) as at 30 June 2023.

iii. A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value of convertible bonds, and vice versa. If the discount rate was 1.00% higher or lower while holding all other variables constant, the fair value of Convertible Bonds would decrease by RMB1,585,000 (31 December 2022: RMB2,690,000) or increase by RMB1,579,000 (31 December 2022: RMB3,160,000) as at 30 June 2023.

A slight increase in the volatility used in isolation would result in a slight increase in the fair value of Convertible Bonds, and vice versa. If the volatility was 5.00% higher or lower while holding all other variables constant, the fair value of Convertible Bonds would increase by RMB5,345,000 (31 December 2022: RMB6,684,000) or decrease by RMB5,247,000 (31 December 2022: RMB6,595,000) as at 30 June 2023.

23. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The emoluments of key management for the six months ended 30 June 2023 are as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries and other allowances	**4,306**	6,438
Retirement benefits	**95**	168
Equity-settled share-based payment expense	**–**	945
	4,401	7,551

(b) Guarantee received from related parties

In February 2023, the amount of RMB300 million of the Convertible Bonds were secured by 19,285,714 ordinary Shares held by Tan Zheng Ltd (wholly owned by Mr. Tan Zheng) and 6,714,286 ordinary Shares held by Tan Yue Yue Ltd (wholly owned by Ms. Tan Yueyue who is a close family member of Mr. Tan Zheng). As at 30 June 2023, The guarantees given by Tan Zheng Ltd and Tan Yue Yue Ltd remained in full force and effect to secure the payment obligations of the Company in connection with the Convertible Bonds.

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 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$1,120.3 million of the proceeds, including approximately HK$382.7 million for investment in the ongoing clinical trial and commercialisation of EAL®, approximately HK$374.5 million for investments in CAR-T-19 clinical trial and TCR-T product series candidates, approximately HK$212.5 million for R&D expenditure in connection with expansion of other clinical indications for EAL®, approximately HK$95.8 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$54.8 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 30 June 2023:

Use of Proceeds	**Allocation of the net proceeds from the Global Offering** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Unutilised amount (as at 1 January 2023)** *(HK$ million)*	**Utilised amount (from the Listing Date to 30 June 2023)** *(HK$ million)*	**Utilised amount (from 1 January 2023 to 30 June 2023)** *(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 30 June 2023**[(1)]
For investment in the ongoing clinical trial and commercialisation of EAL®	385.6	34.2	2.9	382.7	–	2.9	By the end of 2023
For R&D expenditure in connection with expansion of other clinical indications for EAL®	213.2	18.9	0.7	212.5	–	0.7	By the end of 2025
For investments in CAR-T-19 clinical trial and TCR-T product series candidates	374.5	33.2	51.8	374.5	51.8	–	Not applicable
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	2.3	95.8	–	2.3	By the end of 2025
Working capital and other general corporate purposes	56.4	5.0	2.9	54.8	1.3	1.6	By the end of 2023
Total	1,127.8	100.0	60.6	1,120.3	53.1	7.5	

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 by the end of 2025.

Significant Investments, Material Acquisitions and Disposals

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 2023, the Company had a total of 203 employees in the PRC and three employees in Korea. The total amount of employee remuneration of the Group (including Directors' remuneration) for the six months end 30 June 2023 was approximately RMB38.3 million (the six months ended 30 June 2022: approximately RMB62.9 million).

The following table sets forth the number of the Group's employees for each function as at 30 June 2023:

Function	**Number of Employees**
General management and administration	30
Research and development	24
Senior management	11
Product and technology R&D	26
Production, purification, equipment and safety	41
Quality	45
Clinical support and business development	29
Total	206

The Company has designed an evaluation system to assess the performance of its employees periodically. Such system forms the basis of its determinations of whether an employee should receive a salary raise, bonus, or promotion. The Company believes the salaries and bonuses the employees receive are competitive with market rates.

The Group places strong emphasis on providing training to its employees in order to enhance their technical and product knowledge. The Group designs and offer different training programmes for its employees in various positions.

The Company makes contributions to the social insurance and housing provident fund for all the 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 R&D, 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 2023 is as follows:

Name of the grantee	No. of share options outstanding as at 31 December 2022	No. of share options granted during the Reporting Period and up to 30 June 2023	No. of share options exercised during the Reporting Period and up to 30 June 2023	No. of share options cancelled during the Reporting Period and up to 30 June 2023	No. of share options lapsed during the Reporting Period and up to 30 June 2023	No. of share options outstanding as at 30 June 2023
Tan Zheng *Chairman and executive Director*	5,000,000	–	–	–	–	5,000,000
Wang Yu *Executive Director, CEO and CTO*	23,450,000	–	–	–	–	23,450,000
Employees (in aggregate)	7,480,000	–	–	–	–	7,480,000
Total	**35,930,000**	**–**	**–**	**–**	**–**	**35,930,000**

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 2023 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 30 June 2023**
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 CTO*	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	7,480,000
Total					**35,930,000**

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 35,930,000 Shares, representing approximately 6.98% of the total issued Shares.

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 the 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 2023. 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 2023. 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 2023.

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 CG Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the Audit Committee consists of three members, being two independent non-executive Directors, namely Mr Ng Chi Kit, who is the chairman of the Audit Committee, Professor Wang Yingdian, and one non-executive Director, namely Mr Tao Ran. 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 interim results for the six months ended 30 June 2023 is unaudited and has not been reviewed by the auditor of the Company, but has been reviewed by the Audit Committee. The Audit Committee confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Changes of 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 2023 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 2023 will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

EVENTS AFTER THE REPORTING PERIOD

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.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"6B11"	the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9
"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 Beijing Yongtai, 29.0% by Wu Shuangchen and 1% by Liao Qian, respectively
"Beijing Yongtai"	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of the 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
"CMV"	Cytomegalovirus
"Company" or "the Company"	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

"Conversion Price"	the conversion price of the Convertible Bonds, initially being HK$4.81 per Conversion Share, equivalent to RMB4.38 per Conversion Share (based on the exchange rate of RMB1 to HK$1.09849 which is the average mid-point daily exchange rate of RMB to HK$ published by the People's Bank of China for five business days prior to and excluding the date of the Subscription Agreement) (subject to adjustments)
"Conversion Shares"	the Shares falling to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the 11.75% secured convertible bonds due in 2025 in the aggregate principal amount of RMB300 million have been issued by the Company to the Investor pursuant to the Subscription Agreement
"Core Product Candidate"	the Company's "core product" as defined under Chapter 18A of the Listing Rules, namely EAL®
"CTO"	the chief technology officer of the Company
"Director(s)"	the director(s) of the Company
"EBV"	Epstein-Barr virus, a member of the herpes virus family
"Global Offering"	the Hong Kong Public Offering (as defined in the Prospectus) and the International Offering (as defined in the Prospectus)
"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
"Guosheng Laboratory"	a R&D facility located at Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China leased by the Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"HLA"	human leukocyte antigen, a gene complex encoding the major MHC proteins
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPV"	human papillomavirus
"Industry Fund"	the cellular immunotherapy specialised industry fund (細胞免疫治療專項產業基金)
"Investor"	Tasly (Hong Kong) Pharmaceutical Investment Limited, a wholly owned subsidiary of Tasly Pharmaceutical Group Co., Ltd., a company established in the PRC and listed on the Shanghai Stock Exchange (600535.SH)
"Korea"	Republic of Korea
"Leadman"	Beijing Leadman Biochemistry Co., Ltd, a company incorporated in the PRC, being the landlord under the Lease Agreement
"Lease Agreement"	the formal lease agreement dated 9 October 2021 entered into between Beijing Yongtai as the tenant and Leadman as the landlord in relation to the lease of the Premises
"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
"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
"Prospectus"	the prospectus issued by the Company dated 29 June 2020
"R&D"	research and development

"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the six-month period from 1 January 2023 to 30 June 2023
"Shaoxing Fund"	Shaoxing Yongsheng Equity Investment Partnership (LP)
"Share(s)"	ordinary shares with a nominal value of US$0.001 each in the capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the subscription agreement dated 28 October 2022 entered into among the Company, the Investor and others in relation to the subscription of the Convertible Bonds
"T cell(s)"	a type of lymphocytes produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"Tasly Bioscience"	Tasly Bioscience Fund Limited
"Tasly Fund"	Tasly Bioscience Fund, L.P.
"TCR"	T cell receptor, a molecule found on the surface of T cells responsible for recognising fragments of antigen
"T-Cure"	T-Cure Bioscience, Inc.
"US$"	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, 25 August 2023

As at the date of this announcement, the Board comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu as executive Director, Mr Si Xiaobing, Mr Tao Ran , Mr Wang Ruihua and Mr Yang Fan as non-executive Directors, and Professor Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.

* *For identification purpose only*