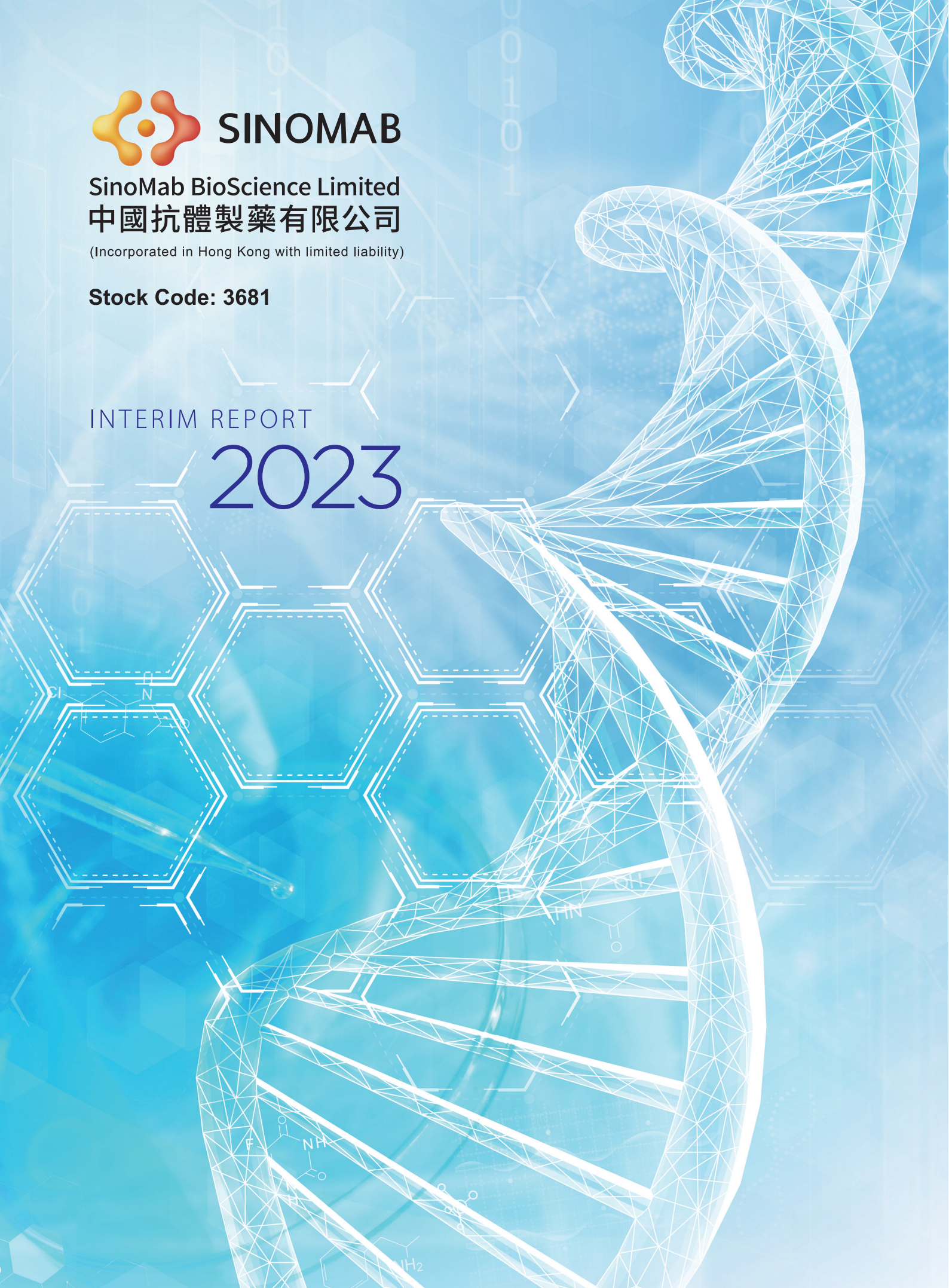

SINOMAB

SinoMab BioScience Limited
中國抗體製藥有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 3681

INTERIM REPORT 2023

Contents

2 Corporate Information

3 Chairman's Statement

6 Management Discussion and Analysis

21 Independent Review Report

22 Interim Condensed Consolidated Financial Statements

- 22 Interim Condensed Consolidated Statement of Profit or Loss
- 23 Interim Condensed Consolidated Statement of Comprehensive Income
- 24 Interim Condensed Consolidated Statement of Financial Position
- 26 Interim Condensed Consolidated Statement of Changes in Equity
- 28 Interim Condensed Consolidated Statement of Cash Flows
- 29 Notes to Interim Condensed Consolidated Financial Information

41 Other Information

53 Definitions

Corporate Information

DIRECTORS

Executive Director

Dr. Shui On LEUNG *(Chairman and Chief Executive Officer)*

Non-executive Directors

Dr. Haigang CHEN
Mr. Xun DONG
Ms. Wenyi LIU
Ms. Jie LIU
Mr. Lei SHI

Independent Non-executive Directors

Mr. George William Hunter CAUTHERLEY
Mr. Ping Cho Terence HON
Dr. Chi Ming LEE
Mr. Dylan Carlo TINKER

AUDIT COMMITTEE

Mr. Ping Cho Terence HON *(Chairman)*
Mr. George William Hunter CAUTHERLEY
Dr. Chi Ming LEE
Mr. Dylan Carlo TINKER

REMUNERATION COMMITTEE

Dr. Chi Ming LEE *(Chairman)*
Mr. Ping Cho Terence HON
Dr. Shui On LEUNG

NOMINATION COMMITTEE

Dr. Shui On LEUNG *(Chairman)*
Mr. Ping Cho Terence HON
Mr. Dylan Carlo TINKER

COMPANY SECRETARY

Ms. Yuk Yin Ivy CHOW *(appointed on 20 March 2023 and effective from 31 March 2023)*
Ms. Sze Ting CHAN *(appointed on 17 November 2022, resigned on 20 March 2023 and effective from 31 March 2023)*

AUTHORISED REPRESENTATIVES

Dr. Shui On LEUNG
Mr. Jianping HUA

REGISTERED OFFICE

Units 303 and 305 to 307
No. 15 Science Park West Avenue
Hong Kong Science Park, Pak Shek Kok
New Territories
Hong Kong

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISER

As to Hong Kong law
Paul Hastings

As to PRC law
Zhong Lun Law Firm

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.sinomab.com

STOCK CODE

3681

Dr. Shui On LEUNG

Chairman, Executive Director and
Chief Executive Officer

Dear valued Shareholders,

On behalf of the Board, I hereby present the interim report of the Company (together with its subsidiaries) for the six months ended 30 June 2023. We would like to express our wholehearted gratitude towards your abiding trust and support that witnessed our growth and accompanied us through the years.

BUSINESS OVERVIEW

Since early 2023, the epidemic has been subsiding and various industries have gradually been recovering. With the support of all our staff, shareholders and various sections of our community, our business activities were carried out in an orderly manner in the first half of 2023 (the "**Reporting Period**") and have achieved a number of breakthroughs in the research and development ("**R&D**") area.

As a global first-in-target and our self-developed flagship product, SM03 (Suciraslimab), an anti-CD22 monoclonal antibody, had completed a multi-center Phase III clinical trial for the treatment of active rheumatoid arthritis ("**RA**") in China (Study number: SM03-RA-III). Initial statistical analysis of the unblinded Phase III data during the Reporting Period has revealed that the trial successfully met the primary endpoint. Suciraslimab is thus the world's first anti-CD22 monoclonal antibody that had completed a Phase III clinical trial for the treatment of autoimmune diseases and met its primary endpoint, further confirming the clinical efficacy and safety of Suciraslimab in patients with moderate-to-severe active RA who had an inadequate response to methotrexate (MTX), marking a significant step towards Suciraslimab's commercial launch. Our Biologics License Application ("**BLA**") was also filed with the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**") in August 2023 for subsequent approval for

commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission. We will accelerate the commercialization of Suciraslimab, as well as to consolidate the first mover advantage of Suciraslimab in first-in-target and first-in-class of a new medicine. At the same time, clinical development of Suciraslimab in other indications on the treatment of immunological diseases are also implemented at full steam. We also plan to file Investigational New Drug ("**IND**") application for mild cognitive impairment (MCI) or Alzheimer's Disease to further expand the potential therapeutic area of Suciraslimab to fulfill other unmet medical needs.

Another key product, SM17 (a humanised monoclonal antibody targeting the receptor for IL-25), has repeatedly achieved breakthroughs in its research and development activities. We have completed all patient accruals for the Phase I clinical study currently being conducted in the U.S. The study is expected to be completed by the end of this year, six months ahead of the original anticipated completion date. In order to expand the market reach to other indications, two additional IND submissions for SM17 were filed with and accepted by the Centre for Drug Evaluation ("**CDE**") of NMPA in May 2023 and June 2023, respectively. The former application is for the treatment of asthma and the latter for atopic dermatitis (AD). The IND submission for the treatment of asthma was subsequently approved by the NMPA on 11 August 2023. A Phase I clinical study is planned to be initiated soon in China to investigate the safety profile of SM17 in the Chinese population.

We have production bases in Suzhou and Haikou, China, for the subsequent commercialisation for our pipeline product candidates. The production base located in Suzhou will come into operation in phases, of which phase I development with a production capacity of 6,000 litres is expected to come into operation in 2024. Our Haikou production base has a 1,200-litre production capacity. Upon completion of the Suzhou development, our total production capacity of our two production bases would be over 36,000 litres (up to one million treatment courses per year).

OUTLOOK

Looking forward to the second half of 2023, with the gradual elimination of epidemic control measures and benefitting from sustainable favorable national policies, China's biopharmaceutical industry will be blooming. We will seize the opportunity and continue to focus on new drug development and product commercialization, and to enhance our competitiveness in the industry. As previously mentioned, we will work at full steam to prepare the commercialisation of Suciraslimab after our successful submission of BLA. With Mr. Shanchun WANG joining SinoMab as the President (China), we are able to drive down production and operational costs and achieve profit-generating commercialization of Suciraslimab upon its marketing approval. Our ultimate goal is to maximize the value to our investors by realizing a "self-sustaining" mode needed for the future growth of the Company.

In addition, facing the vast market for the treatment of asthma and atopic dermatitis, we will continue to accelerate our research and development activities for SM17 and to strengthen and consolidate the competitiveness and potential of our drug candidates in our product pipeline, so as to further leap forward our Group's business development and scale new heights in our operating results. We will continue developing novel drugs to move towards our objective in growing into a leading global biopharmaceutical company to fulfill unmet medical needs.

As a biopharmaceutical company having grown up in the Hong Kong Science Park with a history of more than 20 years, we will take the advantage of the vigorous development of the global pharmaceutical market, leverage the positive support from national policies and make good use of our superior geographical advantages. At the same time, we will adhere to our vision of independent innovation to further expand our product pipeline, and spare no effort to provide more effective treatment options for Chinese and global patients, aiming to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

In the future, the company will continue to commit to researching and developing monoclonal antibody drugs in the field of autoimmune diseases, continue in advancing innovative treatments, protect health of patients and to create value for shareholders. Last but not least, on behalf of the Board and management of the Company, I hereby express the sincere gratitude to all shareholders for the enduring support and to all employees for the unremitting effort, and to wish a better second half of 2023 together!

Chairman, Executive Director and Chief Executive Officer
Dr. Shui On LEUNG
21 August 2023

OVERVIEW

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

Our flagship product, SM03 (Suciraslimab), is a potential global first-in-target anti-CD22 mAb for the treatment of rheumatoid arthritis ("**RA**") and other immunological and neuro-immunological diseases such as systemic lupus erythematosus ("**SLE**"), Sjogren's syndrome ("**SS**"), mild cognitive impairment ("**MCI**"), Alzheimer's disease, as well as non-Hodgkin's lymphoma ("**NHL**"). As announced by the Company on 26 April 2023, Suciraslimab met its primary endpoint in a Phase III clinical study for the treatment of RA in China. Our Biologics Licence Application ("**BLA**") was also filed with the National Medical Products Administration of the People's Republic of China ("**NMPA**") in August 2023 for subsequent approval for commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission.

Our key product, SM17, is a First-in-Class (FIC), humanised monoclonal antibody targeting the receptor for IL-25. An IND application for asthma was submitted in February 2022 and was subsequently approved by the U.S. Food and Drug Administration ("**FDA (USA)**") in March 2022. The first healthy subject had been successfully dosed in a Phase I First-in-Human (FIH) clinical study in the U.S. in June 2022 and 77 subjects have been enrolled as of 30 June 2023. The FIH study, consisting of multiple cohorts of single ascending dose ("**SAD**") and multiple ascending dose ("**MAD**"), is expected to be completed by the end of 2023. Two additional IND applications for the treatment of asthma and atopic dermatitis ("**AD**") were filed with and accepted by the Center for Drug Evaluation of the NMPA in May 2023 and June 2023, respectively. The IND submission for the treatment of asthma was subsequently approved by the NMPA on 11 August 2023. The compound has the potential for treating asthma, AD, idiopathic pulmonary fibrosis ("**IPF**") and other immunological disorder.

Another key product, SN1011, is a third generation covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor. SN1011 was designed to exhibit high selectivity with prolonged but controlled drug exposure to achieve superior efficacy and good safety profile for the potentially long-term treatment of patients with chronic immunological disorders. SN1011 has currently obtained four Investigational New Drug ("**IND**") approvals from the NMPA, for the treatment of SLE, pemphigus, multiple sclerosis ("**MS**") and neuromyelitis optica spectrum disorders ("**NMOSD**").

Our other drug candidate, SM06, is a second-generation humanised anti-CD22 antibody derived from Suciraslimab with similar mechanism of action. Our in-house in-vitro studies demonstrated SM06 to have potentially enhanced efficacy in enacting immunomodulatory effects. The compound is at the IND enabling stage, and currently in the process of optimisation for clinical studies.

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

BUSINESS REVIEW

The Group is principally engaged in research and development of pharmaceutical products.

The operating performance and the progress of the Group's clinical projects during the period under review and future prospects are contained in the preceding Chairman's Statement and in this section.

The Group has no immediate plans for material investments or capital assets, other than as disclosed in the section headed "Business Overview" in the preceding Chairman's Statement and in this section.

A brief review on the business operation and clinical projects currently undertaken by the Group is set out below.

PROGRESS OF CLINICAL PROJECTS

Product Pipeline

Pipeline	Indication	Territory	IND Enabling			Phase I	Phase II	Phase III	BLA
			Stage I	Stage II	Stage III				
SM03 (Suciraslimab) (anti-CD22) (First-in-Target)	*Rheumatoid arthritis (RA) Non-Hodgkin's lymphoma (NHL) Systemic lupus erythematosus (SLE) Alzheimer's Diseases Sjogren's syndrome (SS)	China							
SM17 (Humanised anti-IL-25 receptor) (First-in-Class & First-in-Target)	Asthma Atopic dermatitis (AD) Idiopathic Pulmonary fibrosis (IPF)	US China							
SN1011 (BTK Inhibitor) (Third-Generation)	Pemphigus Systemic lupus erythematosus (SLE) Neuromyelitis Optica Spectrum Disorder (NMOSD) Multiple Sclerosis (MS)	China US							
SM06 (Humanised Anti-CD22)	Systemic lupus erythematosus (SLE) Rheumatoid arthritis (RA) Neuromyelitis Optica Spectrum Disorder (NMOSD) Sjogren's syndrome (SS)	US China							
SM09 (Humanised Anti-CD20)	Non-Hodgkin's lymphoma (NHL) Autoimmune Diseases	China							

* RA Phase III completed enrollment in December 2021

- IND enabling stage
- IND enabling stage I – R&D
- IND enabling stage II – chemistry, manufacturing and control processes (CMC)
- IND enabling stage III – Preclinical
- Completed study
- Clinical stage

Flagship Product

SM03 (Suciraslimab)

Our self-developed SM03 (Suciraslimab) is a potential first-in-target anti-CD22 mAb for the treatment of rheumatoid arthritis (RA), other immunological and neuro-immunological diseases such as systemic lupus erythematosus (SLE), Sjogren's syndrome (SS), mild cognitive impairment (MCI), Alzheimer's disease as well as non-Hodgkin's lymphoma (NHL). Suciraslimab adopts a novel mechanism of action, which differentiates itself from the current treatments available in the market.

On 26 April 2023, the Company announced that SM03 met its primary endpoint in a Phase III clinical study for the treatment of RA in China. The Phase III clinical study is a randomised, multi-centre, double-blind, placebo-controlled study to confirm the clinical efficacy and safety in patients with moderate-to-severe active RA who had an inadequate response to methotrexate (MTX). According to the assessment of the topline data, SM03 (Suciraslimab) was effective in suppressing disease activity and alleviating symptoms of active RA patients receiving methotrexate therapy. SM03 Phase III clinical trial for RA completed its enrollment of 530 patients, exceeding the original target of 510 patients, on 31 December 2021. A Phase III extension study has been conducted and 93 patients have been enrolled as at 30 June 2023. Our BLA was filed with the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**") in August 2023 for subsequent approval for commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission. We expect it to be our first commercially available drug candidate.

In addition to the RA program, we will advance Suciraslimab clinical development in other indications to broaden the therapeutic uses of Suciraslimab for addressing other unmet medical needs. Due to strategic prioritisation on specific therapeutic area other than RA, we expect to initiate proof-of-concept clinical studies for MCI or Alzheimer's disease and/or SS in China. We also expect to submit IND for the treatment of MCI or Alzheimer's disease in late 2023.

Key Products

SM17

SM17 is a novel, first-in-class, humanized, IgG4-k monoclonal antibody which is capable of modulating Type II allergic reaction by targeting the receptor of a critical "alarmin" molecule interleukin 25 (IL-25). SM17 could suppress Th2 immune responses by binding to IL-25 receptor (also known as IL-17RB) on Type 2 Innate Lymphoid cells (ILC2s), and Type 2 helper T (Th2) cells, blocking a cascade of responses induced by IL-25, and suppressing the release of the downstream Th2 cytokines such as IL-4, IL-5 and IL-13. IL-25 is classified as "alarmin" which is overexpressed in biopsy tissues of patients with asthma, atopic dermatitis (AD) and idiopathic pulmonary fibrosis (IPF). In-vitro studies clearly demonstrated that SM17 could suppress IL-25 induced type 2 immunity and the underlying mechanism supports its potential benefits in treating allergic and autoimmune diseases.

When evaluated in two murine asthma models induced by ovalbumin or house dust mite, blockage of IL-25 signaling pathway by SM17 offered protection against airways resistance and type 2 immune response in the lung. SM17 also significantly reduced immune cell infiltration into the lung and serum levels of IgE. In another 1-Fluoro-2, 4-dinitrobenzene (DNFB) driven murine atopic dermatitis model, SM17 administration could attenuate epidermal thickening and improve skin condition by suppressing Th2 immune responses and immune cell infiltration into the skin layers. We expect that targeting upstream mediators of the Th2 inflammatory cascade, such as the receptor for IL-25, will have a broader effect on reducing airway as well as skin inflammation.

The IND application for asthma was submitted in February 2022 and was subsequently approved by the FDA (USA) in March 2022. The first healthy subject had been successfully dosed in a Phase I First-in-Human (FIH) clinical trial in the U.S. in June 2022. As at 30 June 2023, 77 subjects have been enrolled in the Phase I clinical study and none of subjects reported a serious adverse event (SAE). The Phase I clinical study consisting of SAD and MAD cohorts to evaluate its safety, tolerability and pharmacokinetics ("**PK**") in healthy subjects is expected to be completed by end of 2023, six months ahead of the original anticipated completion date.

Currently, two additional IND submissions for the treatment of asthma and AD have been filed with and accepted by the Centre for Drug Evaluation ("**CDE**") of NMPA on 19 May 2023 and 9 June 2023, respectively. The IND submission for the treatment for asthma was subsequently approved by the NMPA on 11 August 2023. The IND approvals for the treatment of asthma and AD can allow the Company to conduct respective comprehensive clinical development programs in China. A Phase I clinical study is planned to be initiated soon in China to investigate the safety profile of SM17 in the Chinese population and to initiate the clinical development program of SM17 for the treatment of allergic diseases. The compound has the potential for treating asthma, AD, IPF and other immunological disorders. Please also refer to the Company's announcements dated 16 February 2022, 14 March 2022, 15 June 2022, 22 May 2023, 12 June 2023 and 14 August 2023 for further information about the latest R&D progress of SM17.

SN1011

SN1011 is a third generation, covalent reversible BTK inhibitor designed to exhibit high selectivity with prolonged but controlled drug exposure to achieve superior efficacy and good safety profile for the potentially long-term treatment of systemic lupus erythematosus (SLE), pemphigus, multiple sclerosis (MS), neuromyelitis optica spectrum disorder (NMOSD) and other rheumatology or neuro-immunological diseases. SN1011 differentiates from existing BTK inhibitors currently available in the market, such as Ibrutinib, in terms of mechanism of action, affinity, selectivity and safety.

The Phase I study (First-in-Human) in Australia was conducted in 2019 while Phase I study (First-in-Human) in China was conducted and completed in 2021. The study has demonstrated a good safety and PK profile. SN1011 has currently obtained four IND approvals from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD on 27 August 2020, 23 June 2021, 19 April 2022 and 22 August 2022, respectively. As reported before, the timetable of clinical study of SN1011 will be re-scheduled due to adjustment on clinical study strategy. Please also refer to the Company's announcements dated 14 November 2019, 29 January 2020, 29 June 2020, 1 September 2020, 15 January 2021, 24 June 2021, 23 July 2021, 7 February 2022, 20 April 2022, 9 June 2022 and 23 August 2022 for further information about the latest R&D progress of SN1011.

Other drug candidates

SM06

SM06 is a second-generation anti-CD22 antibody that is humanised using our proprietary framework-patching technology. SM06 is a humanised version of SM03 (Suciraslimab), SM06 works with a similar mechanism of action. Our in-house in-vitro studies demonstrated SM06 to have potentially enhanced efficacy in enacting immunomodulatory effects. It is found to be less immunogenic as the more "human-like" antibody has the potentially improved safety profiles. We believe that the lower immunogenicity of SM06 would be more suitable for treating chronic diseases requiring long-term administration, such as systemic lupus erythematosus (SLE), rheumatoid arthritis (RA) and other immunological diseases. We are currently in the process of optimising the chemistry, manufacturing and control processes (CMC) for SM06.

SM09

SM09 is a framework-patched (humanised) anti-CD20 antibody that targets an epitope different from that of other market-approved anti-CD20 antibodies such as rituximab, obinutuzumab and ofatumumab for the treatment of NHL and other auto-immune diseases with significant unmet medical needs.

COLLABORATION

As reported before, a licence agreement was entered into in September 2021 between the Company, Suzhou Sinovent Pharmaceutical Technology Co., Ltd.* (蘇州信諾維醫藥科技股份有限公司), (now known as Evopoint Bioscience Co., Ltd.* (蘇州信諾維醫藥科技股份有限公司), together with the Company as licensor), and Everest Medicines II (HK) Limited, as licensee, to out-licence the right to develop and commercialise SN1011 globally for the treatment of renal diseases.

Pursuant to the Licence Agreement, the Company received an upfront payment of US$4 million in 2021, and is entitled to up to an aggregate of US$183 million in total development and sales milestones. The Company retains all other immunological rights for all indications (other than immunological related renal diseases) relating to SN1011 and will continue its research and development.

PRODUCTION

We have a production base in Haikou. We are also constructing our second production base in Suzhou, Jiangsu.

Haikou Production Base

We carried out our manufacturing activities at our Haikou production base, where we manufacture our drug candidates for pre-clinical research, clinical trials and future large-scale production. The Haikou production base occupies a total operational area of approximately 19,163 square metres with a production capacity of 1,200 litres, which is sufficient for clinical and initial marketing needs. The plant has an operational area consisting of a clean area for processing, a controlled-not-classified (CNC) area for supporting activities, utility rooms, quality control laboratories, warehouse and administrative offices and R&D laboratories for on-going and new product development projects.

Suzhou Production Base

As part of our commercialisation plan, we purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, China in June 2020. The land is used for constructing the Group's PRC headquarters, an R&D centre as well as another production base, and the total floor area would be approximately 75,000 square metres. This new Suzhou campus consists of commercial manufacturing facilities, a pilot plant, an R&D centre, a quality control centre, a clinical study centre and an administration building. The new production base would be of commercial-scale manufacturing facilities and is currently under construction. The superstructure works have been completed in December 2021 and the infrastructure is expected to be available by 2023. The development of our Suzhou campus will be completed and come into operation in phases. Phase I development with a production capacity of 6,000 litres is expected to come into operation in 2024. Together with our existing production capacity of 1,200 litres from Haikou production base, our manufacturing capacity would be up to two hundred thousand treatment courses per year. Upon completion of the development, the total production capacity of the production base would be over 36,000 litres (up to one million treatment courses per year).

R&D ACTIVITIES OF FLAGSHIP PRODUCT

Our flagship product SM03 (Suciraslimab) is a potential first-in-target anti-CD22 mAb for the treatment of RA, immunological and neuro-immunological diseases such as SLE, SS, MCI, Alzheimer's disease, as well as indications in other therapeutic areas. Suciraslimab is expected to be our first commercially available drug candidate in RA. We demonstrated that Suciraslimab adopts a novel mechanism of action which differentiates itself from the current treatments available in the market. Our experimental evidence indicates that upon binding to CD22, Suciraslimab converts the configuration of CD22, changing it from a cis-binding configuration to a trans-binding configuration. Conversion of cis-binding CD22 to trans-binding CD22 allows the B cell to differentiate self from non-self and modulates B cells that trigger autoimmune attacks on autologous tissues, thereby alleviating symptoms in autoimmune diseases such as RA.

On 26 April 2023, the Company announced that Suciraslimab met its primary endpoint in a Phase III clinical study for the treatment of RA in China. According to the assessment of the topline data, Suciraslimab was effective in suppressing disease activity and alternating symptoms of active RA patients receiving methotrexate therapy. BLA for the treatment of RA was submitted to the NMPA in August 2023 for subsequent approval for the commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission.

On 31 December 2021, SM03 (Suciraslimab) phase III clinical trial for RA completed its enrollment of 530 patients, exceeding the target number. A Phase III extension study has been conducted and 93 patients have been enrolled as at 30 June 2023.

The expenditure on the R&D activities of SM03 primarily consisted of:

- third party contracting costs incurred under agreements with consultants, contract research organisations and clinical trial sites that conduct R&D activities on the Group's behalf;
- costs associated with purchases of raw materials;
- employee salaries and related benefit costs; and
- expenses associated with inspection and maintenance of facilities, depreciation and amortisation, travel expenses, insurance, utilities and other supplies.

During the Reporting Period, the Group incurred approximately RMB40.9 million on the R&D activities of Suciraslimab.

Cautionary Statement required by Rule 18A.08 of the Listing Rules:

The Company cannot guarantee that it will be able to ultimately develop and market Suciraslimab successfully.

INTELLECTUAL PROPERTY

Core Technology of Main Drugs (Products)

For SM03 (Suciraslimab), the Group has two invention patents granted and registered in the PRC, of which one invention patent is also applicable to SM06, and four invention patents which are granted and registered in the United States, all of which are also applicable to SM06.

For SN1011, the Group has one invention patent granted and registered in the United States and are invention patent granted and registered in Europe.

For SM09, the Group has two invention patents granted and registered in the PRC. The Group also holds three invention patents granted and registered in the United States for SM09.

During the Reporting Period, the Group had filed one invention patent application in the United States, two Patent Cooperation Treaty ("**PCT**") patent applications, for Suciraslimab. As at 30 June 2023, the Group had three pending patent applications in the United States, five pending patent applications in the PRC, two pending patent applications in Europe, and four PCT patent applications.

Well-known or Famous Trademarks

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

Patents

Item	As at 30 June 2023	As at 31 December 2022
Number of invention patents owned by the Group*	32	31

* *including patent pending and granted patent*

HUMAN RESOURCES

As at 30 June 2023, the Group had a total of 233 employees in China, Hong Kong and the United States. For the Reporting Period, the Group incurred approximately RMB37.7 million employee costs (including directors' remuneration but excluding any contributions to pension scheme, director fees and share-based payment). Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training. The Company has also established its restricted share unit scheme, share award scheme and share option scheme, details of which are set out in "Other Information — Share Incentives" in this interim report.

R&D PERSONNEL

Education level	Number at the end of the Reporting Period	Number at the beginning of the Reporting Period
Ph.D.	7	11
Master	29	40
Undergraduate or below	25	36
Total number of R&D personnel	61	87

The above number of R&D personnel does not include our employees in manufacturing, quality assurance or quality control for the clinically related operation. The decrease in number of personnel is mainly due to simplification of clinical team for better efficiency during the Reporting Period.

FUTURE AND PROSPECTS

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

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

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

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

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

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

Clinical Development Plan

We will continue to advance clinical trials for SM03 (Suciraslimab) for RA and other autoimmune diseases. As previously mentioned, we have submitted our BLA for Suciraslimab for the treatment of RA to the NMPA in August 2023. In terms of the broader indication development, we will advance clinical trials for MCI or Alzheimer's disease and other autoimmune diseases. We are in the process of further broadening therapeutic area of Suciraslimab, seeking regulatory pathways to extrapolate the clinical indications of neuro-immunological diseases for Suciraslimab. We are in the process of planning for IND application and proof-of-concept study targeting MCI or Alzheimer's disease, based on the recent innovative R&D findings about potential treatment of Suciraslimab, the IND is expected to be submitted in 2023. The initiation of IND application and proof-of-concept Phase II clinical study for SS in China is also in our plan.

In respect of SM17, the Phase I first-in-human clinical trial was entered into in the U.S. in June 2022, and the earliest time for Phase I results will be available by the end of 2023, six months ahead of the original anticipated completion date. As of 30 June 2023, 77 subjects have been enrolled in the FIH clinical trial. Two additional IND submissions, for the treatment of asthma and AD, have been filed with and accepted by the CDE of the NMPA in the first half of 2023. The IND submission for the treatment of asthma was subsequently approved by the NMPA on 11 August 2023. A Phase I clinical study is planned to be initiated soon in China to investigate the safety profile of SM17 in the Chinese populations. Proof-of-concept studies will then be conducted to evaluate the primary efficacy of SM17 in asthma, AD or other indications, if supported by good tolerability and safety results from Phase I, which is expected.

For SN1011, four IND approvals were obtained from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD. As reported in the preceding section, the timeline for the R&D of SN1011 is in progress of re-scheduling.

As for SM06, we will advance the first IND application process, aiming for a bio-better product development for known indications based on good therapeutic potential of Suciraslimab as well as further exploration into other immunological diseases with unmet medical needs worldwidely.

Pre-clinical R&D

We are in the process of building a pre-clinical R&D platform for studying pathogenesis of autoimmune diseases, as well as exploring and identifying solid treatment for them. Our internal R&D team is in the process of discovering novel mechanisms for treatments of multiple autoimmune diseases areas for rheumatology, neuro-immunology, respiratory and dermatology. Our R&D team possesses the capability of generating pre-clinical pharmacology internally and is developing in-depth collaboration with well-known clinical KOLs from our on-going clinical programs. By utilising established business and cooperation relationship with vendors/partners, the Company is in the process of generating and collecting the IND-enabling data package for our multiple products under pre-clinical development, such as SM06, and will thereafter conduct pre-clinical studies to test their efficacies, safety and PK/pharmacodynamics, and fulfil other regulatory requirements.

The Company continues to optimise production and pre-clinical research for SM09. The Company will engage the NMPA and/or the FDA (USA) to initiate clinical trials upon completion of these pre-clinical researches.

Novel drug targets identification

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

Production

As previously reported, the Group purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town in China in June 2020. The land is used for constructing the Group's PRC headquarters, an R&D centre as well as another production base, and the total floor area would be of approximately 75,000 square metres. This new Suzhou campus consists of commercial manufacturing facilities, a pilot plant, an R&D centre, a quality control centre, a clinical study centre and an administration building. The superstructure works have been completed in December 2021 and the infrastructure is expected to be available by 2023. The development of the new Suzhou campus will be completed and come into operation in phases. Phase I development with a production capacity of 6,000 litres (up to two hundred thousand treatment courses per year) is expected to come into operation in 2024. Upon completion of the new Suzhou campus, the total production capacity of the production base would be over 36,000 litres (up to one million treatment courses per year).

Commercialisation

We are continuing to build up our sales team. As of the Reporting Period, we have initially established a marketing team, and plan to continue to expand the marketing and sales team. Our commercialisation team is expected to cover a majority of provinces and municipalities in China and to support the future commercialisation of our drug candidates. We are actively exploring and identifying opportunities for collaboration and/or partnership, including but not limited to licensing in or licensing out, to enhance our sales and business development capabilities.

MARKET OVERVIEW

According to Frost & Sullivan, the global market for autoimmune disease drugs is expected to increase from US$120.5 billion in 2020 to US$163.8 billion in 2030, at a CAGR of 6.0%. The overall scale of existing patients with autoimmune diseases in China is huge. According to "*Rheumatoid Arthritis in China: A National Report of 2020*" issued by the National Clinical Research Center for Dermatologic and Immunologic Diseases in October 2021, there are about 5 million RA patients in China. With the continuous improvement of the diagnosis and treatment rate of autoimmune diseases in China and the continuous progress of related medical technologies, the market size of RA in China is expected to expand rapidly. According to Frost & Sullivan, the RA therapeutics market in the PRC is expected to reach RMB28 billion by 2023 and RMB83.3 billion by 2030. We have been focusing on the R&D of monoclonal antibody drugs in the field of autoimmune diseases for more than 20 years and our existing product pipeline covers all indications in the field of autoimmune diseases. We are one of a few biopharmaceutical companies in China with full-fledged capability that integrates all-industry functionalities, including R&D, production and commercialisation. Once Suciraslimab can be successfully commercialised, leveraging on the first-mover advantage in the first-in-target and first-in-class of Suciraslimab and its competitive advantage in its relatively improved safety profile over existing and potential market competitors, precisely formulating R&D and sales strategies, and focusing on the target group, we believe that we can create certain values for this significant market, and thus the successful launch of Suciraslimab will be an important milestone in the development of the Group.

COVID-19

Given the relaxation on the pandemic policy worldwide, all clinical trials have resumed to normal during the Reporting Period.

STRATEGIC IN-HOUSE PLATFORMS FOR ESTABLISHING STRONG PIPELINE

We are armed with several innovative technological and therapeutic platforms, allowing us to come up with novel antibody candidates that are specific for novel targets, achieving therapeutic effects via novel mechanisms of actions:

Antibody Humanisation Platform

Most antibodies are produced in a murine background, and antibody humanisation (a genetic engineering approach) is needed to convert the murine sequence into human sequence without affecting the affinity and specificity of the original antibody (parent antibody). We employ a novel approach known as "Framework-patching" to introduce "human-ness" in a functional perspective (functional humanisation). Our SM06 and SM09 antibodies were humanised using this novel technology unique to the Company.

B-cell Therapeutic Platform

The Company was established with an initial focus on developing therapeutics that target B cells. As more and more data accumulated and the functions of these B cell antigens/targets and the roles of B cells played in the immune system were better understood, their potential for treating autoimmune diseases had become prominent — forming our bases for "B cell therapy approach". There are possibilities of use in combination of our different products developed on our B cell therapeutic platform in the future. These antigens and targets include:

a. CD22 — our SM03 (Suciraslimab) and SM06, anti-CD22 antibody, were developed under our B-cell therapeutic platform.

b. CD20 — our SM09, a framework-patched version of a novel anti-CD20 antibody, was developed under our B-cell therapeutic platform.

c. BTK — our SN1011, a third generation covalent reversible BTK inhibitor, was developed to maximise the therapeutic benefits of B cell therapy.

Alarmins-pathway Therapeutic Platform

The immune system is an interplay between different cell lineages and factors; but the majority of which include the B cell, T cell and cytokines. Albeit our good coverage on B cell specific targets, there are other areas we need to fill in in order to address other immune related ailments. While most cytokines are well studied, and products against which have been approved, there emerges a new class of factors known as alarmins that are upstream of the immune pathway. These alarmins play crucial roles in autoimmune diseases involving the respiratory tract and dermatological tissues such as asthma, AD, IPF, etc.

IL-25 is one of the three alarmins that targets a particular receptor called IL-17RB. Our SM17 is a humanised, IgG4-k monoclonal antibody targeting the receptor for IL-25, developed under our alarmins-pathway therapeutic platform.

Selective-T Cell Therapeutic Platform

Our pipeline covers B cell and Alarmins/cytokines, and there exists a major missing piece in the immunotherapy portfolio — T cells. The T-cell associated receptor is not well researched in the biopharma area as its function is promiscuous. We have developed a platform to isolate antibodies that have selective binding to the receptor, resulting in the identification of a battery of antibodies with differentiated functionality covering a wide range of immunological diseases.

Neurological Disease Platform

In 2019, there was a paper published on the journal Nature that demonstrated that the anti-CD22 antibody would have therapeutic effects on degenerative neurological disease in a murine model. We researched the possibility of using SM03 (Suciraslimab) for treating MCI and Alzheimer's disease and found that CD22 is significantly expressed in microglia and other neurological cells.

The discovery that the anti-CD22 antibody can induce the internalisation of Aβ protein has led to the development of bispecific antibodies that target the anti-inflammatory cell surface antigens and Aβ protein for treating Alzheimer's disease and other neurological diseases. Product candidates are descendants of the SM03 (Suciraslimab)/SM06 lineage.

FINANCIAL REVIEW

Other income and gains, net

Our other income and gains consist primarily of bank interest income, changes in fair value on a financial asset at fair value through profit or loss and government grants. Total other income and gains were approximately RMB7.2 million for the Reporting Period, representing a decrease of approximately RMB0.7 million from the six months ended 30 June 2022, was mainly due to (i) a decrease in bank interest income of approximately RMB1.4 million; and offset by (ii) an increase in government grants of approximately RMB0.6 million.

R&D costs

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Laboratory consumable and experiment costs	**34,336**	43,086
Employment costs	**23,368**	27,307
Milestone payments of co-developed products	**–**	4,324
Others	**9,046**	7,414
	66,750	82,131

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

For the six months ended 30 June 2023 and 2022, we incurred R&D costs of approximately RMB66.8 million and RMB82.1 million, respectively. The decrease in costs of business development in R&D during the Reporting Period was mainly attributable to (i) a decrease in laboratory consumable and experiment costs of approximately RMB8.8 million mainly due to completion of Phase III clinical trial for the treatment of active RA in China as of 31 December 2022; (ii) a decrease in employment costs of R&D employees of approximately RMB3.9 million mainly due to simplification of our clinical team for better efficiency; and (iii) a decrease in milestone payment of approximately RMB4.3 million as the next milestone payment was not reached during the Reporting Period.

Administrative expenses

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

For the six months ended 30 June 2023 and 2022, our total administrative expenses were approximately RMB50.2 million and RMB33.8 million, respectively. The increase was mainly due to (i) an increase in the equity-settled non-cash share-based payment expenses of approximately RMB10.3 million arising from the share options granted in November 2022; and (ii) an increase in deprecation and amortisation expenses of approximately RMB2.5 million in the Reporting Period.

Other expenses, net

For the six months ended 30 June 2023, there was foreign exchange loss, net, of approximately RMB20.0 million. During the Reporting Period, most of the Company's cash and cash equivalents were denominated in RMB. The majority of the exchange loss, which was caused by the difference of the functional currency of Hong Kong headquarters in HKD and the presentation currency of the Group in RMB, did not represent the Company's actual loss.

Liquidity and capital resources

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

As at 30 June 2023, cash and cash equivalents and structured deposit totalled RMB286.5 million, as compared to RMB345.7 million as at 31 December 2022. The net decrease of approximately RMB59.2 million was mainly due to (i) the total capital expenditures of approximately RMB61.3 million, mainly for our commercial production base in Suzhou; (ii) the net cash used in operating activities, of approximately RMB62.8 million; offset by (iii) the net cash from financing activities, of approximately RMB42.0 million; and (iv) the net effect of foreign exchange rate change of approximately RMB19.1 million mainly due to the weakening of RMB in the Reporting Period.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Net cash flows used in operating activities	**(62,750)**	(145,587)
Net cash flows used in investing activities	**(61,942)**	(101,687)
Net cash flows from financing activities	**42,044**	20,905
Net decrease in cash and cash equivalents	**(82,648)**	(226,369)
Cash and cash equivalents at the beginning of the period	**345,712**	562,983
Effect of foreign exchange rate changes, net	**19,146**	30,773
Cash and cash equivalents at the end of the period	**282,210**	367,387
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**286,463**	367,638
Bank balances restricted for special purpose	**(4,253)**	(251)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**282,210**	367,387

As at 30 June 2023, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Bank Borrowings and gearing ratio

As at 30 June 2023, the Group's outstanding borrowing of RMB331.9 million (31 December 2022: RMB268.8 million) were denominated in RMB and carried at a fixed interest rate of 3.30% per annum and variable rates of interest ranging from the People's Bank of China RMB Loan Prime Rate minus 0.30% per annum to the People's Bank of China RMB Loan Prime Rate plus 0.40% per annum.

As at 30 June 2023, the amount of unutilised banking facilities of the Group is approximately RMB423.5 million.

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

Foreign Exchange Risk

Foreign currency risk is 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 the Group's financial condition and results of operations.

In response to the foreign exchange risk, the Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position to reduce the impact of the foreign exchange risk on the Company.

Share Capital

During the Reporting Period, there was no change in the share capital of the Company.

Loss Per Share

The basic and diluted loss per share are RMB0.13 for the six months ended 30 June 2023 (30 June 2022: RMB0.15).

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss		
Loss attributable to ordinary equity holders of the parent	**134,096**	143,790

	Number of shares Six months ended 30 June	
	2023	2022
	(unaudited)	*(unaudited)*
Shares		
Weighted average number of ordinary shares in issue during the period	**1,017,964,900**	988,144,900

Pledge of Assets

As at 30 June 2023, land use right of net carrying amount of approximately RMB14.7 million was pledged to secure the bank loan borrowed by the Group (31 December 2022: RMB15.0 million).

Capital Commitments

Particulars of capital commitments of the Group as at 30 June 2023 are set out in note 15 to the condensed consolidated financial statements.

Contingent Liabilities

As at 30 June 2023, the Group had no contingent liabilities (31 December 2022: Nil).

DIVIDEND

No dividend was paid or declared by the Company for the Reporting Period.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

During the Reporting Period, there were no material acquisitions or disposals of subsidiaries or associates of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Reporting Period and as at the date of this interim report, there was no future plans approved by the Group for any material investments or capital assets.

SIGNIFICANT INVESTMENTS HELD AND DISPOSED

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 June 2023.

Ernst & Young
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent review report
To the Board of Directors of SinoMab BioScience Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 40, which comprises the condensed consolidated statement of financial position of SinoMab BioScience Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
21 August 2023

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
REVENUE	4	**1,365**	–
Cost of sales		**(943)**	–
Gross profit		**422**	–
Other income and gains, net		**7,155**	7,903
Research and development costs		**(66,750)**	(82,131)
Administrative expenses		**(50,200)**	(33,849)
Other expenses, net	5	**(21,521)**	(30,382)
Finance costs		**(3,202)**	(2,140)
Share of loss of an associate		**–**	(3,191)
LOSS BEFORE TAX	6	**(134,096)**	(143,790)
Income tax expense	7	**–**	–
LOSS FOR THE PERIOD		**(134,096)**	(143,790)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	**0.13**	0.15

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
LOSS FOR THE PERIOD	**(134,096)**	(143,790)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation to the presentation currency	**20,194**	32,318
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(113,902)**	(111,472)

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**439,494**	391,973
Right-of-use assets		**80,796**	93,844
Intangible assets		**2,067**	2,595
Deposits		**1,227**	2,005
Other non-current assets		**40,282**	70,838
Total non-current assets		**563,866**	561,255
CURRENT ASSETS			
Prepayments, deposits and other receivables		**12,967**	58,431
Financial asset at fair value through profit or loss	*11*	**31,619**	30,476
Cash and cash equivalents	*12*	**286,463**	345,712
		331,049	434,619
Non-current asset held for sale		**12,474**	12,474
Total current assets		**343,523**	447,093
CURRENT LIABILITIES			
Other payables and accruals		**100,405**	141,590
Lease liabilities		**13,049**	15,380
Interest-bearing bank borrowings	*13*	**61,387**	30,421
Total current liabilities		**174,841**	187,391

Interim Condensed Consolidated Statement of Financial Position (continued)

30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NET CURRENT ASSETS		**168,682**	259,702
TOTAL ASSETS LESS CURRENT LIABILITIES		**732,548**	820,957
NON-CURRENT LIABILITIES			
Lease liabilities		**55,880**	73,024
Interest-bearing bank borrowings	*13*	**270,530**	238,358
Total non-current liabilities		**326,410**	311,382
Net assets		**406,138**	509,575
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**1,725,211**	1,725,211
Reserves		**(1,319,073)**	(1,215,636)
Total equity		**406,138**	509,575

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital *RMB'000*	Shares held under share award scheme* *RMB'000*	Share-based payment reserve* *RMB'000*	Capital reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total equity *RMB'000*
At 1 January 2023 (audited)	1,725,211	(55,914)	98,450	8,637	(19,690)	(1,247,119)	509,575
Loss for the period	–	–	–	–	–	(134,096)	(134,096)
Other comprehensive income for the period:							
Exchange differences on translation to the presentation currency	–	–	–	–	20,194	–	20,194
Total comprehensive loss for the period	–	–	–	–	20,194	(134,096)	(113,902)
Equity-settled share-based payment expense	–	–	10,465	–	–	–	10,465
At 30 June 2023 (unaudited)	1,725,211	(55,914)	108,915	8,637	504	(1,381,215)	406,138

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2023

	Share capital *RMB'000*	Shares held under share award scheme *RMB'000*	Share-based payment reserve *RMB'000*	Capital reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
At 1 January 2022 (audited)	1,679,126	(59,673)	97,174	8,637	(82,077)	(962,961)	680,226
Loss for the period	–	–	–	–	–	(143,790)	(143,790)
Other comprehensive income for the period:							
Exchange differences on translation to the presentation currency	–	–	–	–	32,318	–	32,318
Total comprehensive loss for the period	–	–	–	–	32,318	(143,790)	(111,472)
At 30 June 2022 (unaudited)	1,679,126	(59,673)	97,174	8,637	(49,759)	(1,106,751)	568,754

* These reserve accounts comprise the consolidated reserves of RMB1,319,073,000 (31 December 2022: RMB1,215,636,000) in the interim condensed consolidated statements of financial position as at 30 June 2023.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(62,750)**	(145,587)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(60,245)**	(43,296)
Prepayments for purchases of property, plant and equipment	**(1,008)**	(17,375)
Purchases of intangible assets	**(64)**	(315)
Purchase of financial assets at fair value through profit or loss	**(20,000)**	(70,000)
Redemption of financial asset at fair value through profit or loss	**20,000**	30,242
Settlement of financial liabilities at fair value through profit or loss	**(625)**	(943)
Net cash flows used in investing activities	**(61,942)**	(101,687)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**73,919**	29,034
Repayment of bank loans	**(15,000)**	(2,500)
Principal portion of lease payments	**(13,639)**	(4,864)
Interest paid	**(3,236)**	(765)
Net cash flows from financing activities	**42,044**	20,905
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(82,648)**	(226,369)
Cash and cash equivalents at the beginning of the period	**345,712**	562,983
Effect of foreign exchange rate changes, net	**19,146**	30,773
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**282,210**	367,387
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**153,934**	367,638
Non-pledged time deposits with original maturity of less than three months when acquired	**132,529**	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**286,463**	367,638
Bank balances restricted for special purpose	**(4,253)**	(251)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**282,210**	367,387

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The financial information relating to the year ended 31 December 2022 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2022. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendment to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (continued)

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The adoption of amendments to HKAS 12 did not have impact on the Group's interim condensed consolidated financial information.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from an external customer

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Mainland China	**1,365**	–

The revenue information above is based on the location of the customer.

(b) Non-current assets

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Mainland China	**556,686**	552,362
Hong Kong	**5,953**	6,888
	562,639	559,250

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

4. REVENUE

An analysis of revenue is as follows:

		For the six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue from contract with a customer	*(i)*	**1,365**	–

4. REVENUE (continued)

Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Type of goods or services		
Capsule sales revenue	**1,365**	–
Geographical market		
Mainland China	**1,365**	–
Timing of revenue recognition		
Goods transferred at a point in time	**1,365**	–

Note:

(i) On 19 December 2022, the Company entered into a capsule sales agreement with Everest Medicines II (HK) Limited ("**Everest**") to sell the capsule which is the Bruton's tyrosine kinase ("**BTK**") inhibitor.

5. OTHER EXPENSES, NET

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Foreign exchange loss, net	**19,974**	29,546
Others	**1,547**	836
	21,521	30,382

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Fair value gain on financial assets at fair value through profit or loss	**(51)**	(446)
Fair value loss on financial liabilities at fair value through profit or loss	**625**	943
Foreign exchange loss, net	**19,974**	29,546

7. INCOME TAX

No Hong Kong profits tax has been made as the Company did not generate any assessable profit during the period (six months ended 30 June 2022: Nil).

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

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

8. DIVIDENDS

No dividend was paid or declared by the board of directors of the Company during the six months ended 30 June 2023 and 2022.

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

The calculation of the basic loss per share amounts is based on the consolidated loss for the period attributable to ordinary equity holders of the parent of RMB134,096,000 (six months ended 30 June 2022: RMB143,790,000), and the weighted average number of ordinary shares of 1,017,964,900 (six months ended 30 June 2022: 988,144,900) in issue during the period, as adjusted to exclude the shares held under the share award scheme of the Company.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented (six months ended 30 June 2022: no potentially dilutive ordinary shares in issue).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the addition of property, plant and equipment is RMB57,086,000 at cost (30 June 2022: RMB29,326,000).

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**30 June 2023** ***RMB'000*** ***(unaudited)***	31 December 2022 *RMB'000* *(audited)*
Unlisted equity investment, at fair value	*(i)*	**31,619**	30,476

Note:

(i) The above unlisted equity investment represented the Group's investment in 7.29% (31 December 2022: 7.68%) pre-A1 preferred shares of D2M and was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

12. CASH AND CASH EQUIVALENTS

	Note	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Cash and bank balances	(i)	**153,934**	141,174
Time deposits		**132,529**	204,538
		286,463	345,712
Denominated in:			
RMB		**257,446**	145,775
USD		**11,263**	156,895
HKD		**17,348**	42,650
EUR		**271**	255
AUD		**135**	133
GBP		**–**	4
Cash and cash equivalents		**286,463**	345,712

Note:

(i) As at 30 June 2023, included in the cash and cash equivalents was an aggregate amount of RMB4,253,000 (31 December 2022: RMB2,825,000) designated for the use of a construction project by a subsidiary of the Group in accordance with the relevant facility agreements.

13. INTEREST-BEARING BANK BORROWINGS

	Note	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current bank borrowings:			
Unsecured bank borrowings		**121,555**	117,434
Secured bank borrowing	(i)	**148,975**	120,924
		270,530	238,358
Current bank borrowings:			
Unsecured bank borrowings		**46,203**	30,265
Secured bank borrowing	(i)	**15,184**	156
		61,387	30,421
		331,917	268,779
Bank loans repayable analysed into:			
Within one year		**61,387**	30,421
In the second year		**46,000**	40,000
In the third to fifth years, inclusive		**224,530**	198,358
		331,917	268,779

Note:

(i) The bank loan borrowed by the Group is secured by the pledge of the Group's land use right. As at 30 June 2023, the net carrying value of the land use right is approximately RMB14,685,000 (31 December 2022: RMB14,957,000).

14. SHARE CAPITAL

	30 June 2023 RMB'000	31 December 2022 RMB'000
Issued and fully paid:		
1,034,920,400 (2022: 1,034,920,400) ordinary shares	**1,725,211**	1,725,211

15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Contracted, but not provided for:		
Buildings, plant and machinery	**133,458**	162,013

16. RELATED PARTY TRANSACTIONS

(a) The Group had the following transaction with the related party during the period:

	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Long-term lease payment:		
Haikou Pharmaceutical Factory Co., Ltd.	**11,845**	3,393

(b) Outstanding balances with related party:

	Note	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Other payables and accruals:			
Haikou Pharmaceutical Factory Co., Ltd.	*(i)*	**787**	1,179
Prepayments:			
Haikou Pharmaceutical Factory Co., Ltd.		**1,250**	417
Lease liabilities:			
Haikou Pharmaceutical Factory Co., Ltd.		**62,368**	72,652

Note:

(i) This balance is unsecured, interest-free and has no fixed terms of repayment.

16. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Salaries, allowances and benefits in kind	**8,307**	6,963
Equity-settled share-based payment expense	**4,854**	–
Pension scheme contributions	**88**	119
Total compensation paid to key management personnel	**13,249**	7,082

17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 30 June 2023

Financial assets

	Financial assets at fair value through profit or loss ***RMB'000 (unaudited)***	**Financial asset at amortised cost** ***RMB'000 (unaudited)***	**Total** ***RMB'000 (unaudited)***
Cash and cash equivalents	**–**	**286,463**	**286,463**
Financial asset at fair value through profit or loss	**31,619**	**–**	**31,619**
Financial assets included in prepayments, deposits and other receivables	**–**	**2,606**	**2,606**
	31,619	**289,069**	**320,688**

17. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 30 June 2023 (continued)

Financial liabilities

	Financial liabilities at amortised cost ***RMB'000 (unaudited)***
Interest-bearing bank borrowings	**331,917**
Financial liabilities included in other payables and accruals	**92,538**
Lease liabilities	**68,929**
	493,384

As at 31 December 2022

Financial assets

	Financial asset at fair value through profit or loss *RMB'000 (audited)*	Financial assets at amortised cost *RMB'000 (audited)*	Total *RMB'000 (audited)*
Cash and cash equivalents	–	345,712	345,712
Financial asset at fair value through profit or loss	30,476	–	30,476
Financial assets included in prepayments, deposits and other receivables	–	6,381	6,381
	30,476	352,093	382,569

17. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2022 (continued)

Financial liabilities

	Financial liabilities at amortised cost *RMB'000 (audited)*
Interest-bearing bank borrowings	268,779
Financial liabilities included in other payables and accruals	127,796
Lease liabilities	88,404
	484,979

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values.

The Group's finance department headed by chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of financial assets included in prepayments, deposits and other receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in structured deposits, which represent a wealth management product issued by a bank in Mainland China. The Group has estimated the fair value of these structured deposits based on fair values provided by financial institutions.

The Group enters into foreign exchange contracts with a bank. The foreign exchange contracts were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign exchange contracts are the same as their fair values.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

As at 30 June 2023, the Group had an unlisted equity investment, which was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. The Group estimated the fair value of the unlisted investment based on recent transaction price of series A funding which incurred near to 30 June 2023. The carrying amount of the financial asset at fair value through profit or loss is the same as its fair value.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) ***RMB'000 (unaudited)***	**Significant observable inputs (Level 2)** ***RMB'000 (unaudited)***	**Significant unobservable inputs (Level 3)** ***RMB'000 (unaudited)***	**Total** ***RMB'000 (unaudited)***
Financial asset at fair value through profit or loss	**–**	**31,619**	**–**	**31,619**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000 (audited)*	Significant observable inputs (Level 2) *RMB'000 (audited)*	Significant unobservable inputs (Level 3) *RMB'000 (audited)*	Total *RMB'000 (audited)*
Financial asset at fair value through profit or loss	–	30,476	–	30,476

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 June 2022: Nil).

19. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 21 August 2023.

USE OF PROCEEDS FROM LISTING

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

References are made to the Company's prospectus dated 31 October 2019 (the "**Prospectus**") and announcements dated 22 July 2020, 14 August 2020, 21 March 2022 and 20 March 2023.

Details of the planned applications of the net proceeds from the Listing (adjusted on a pro-rata basis based on the actual net proceeds) were disclosed in the Prospectus and subsequently revised and disclosed in the Company's announcements dated 22 July 2020, 14 August 2020, 21 March 2022 and 20 March 2023. The following table sets out the planned applications of the net proceeds and the actual usage up to 30 June 2023:

Use of proceeds	**Planned applications** [(Note 1)] *(HK$ million)*	**Actual utilisation up to 30 June 2023** *(HK$ million)*	**Unutilised net proceeds as at 30 June 2023** *(HK$ million)*	**Expected timeline for full utilisation of the unutilised net proceeds** [(Note 2)]
For the R&D and commercialisation of our drug candidates				
For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; (ii) additional clinical trials to be initiated in the PRC for additional indications; (iii) clinical trials in Australia and the United States; and (iv) New Drug Application registration filings and the commercial launch of SM03	250.9	225.8	25.1	By the end of 2023
To fund pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline	299.4	288.5	10.9	By the end of 2023
To further advance our R&D programmes, expand our R&D team, build our commercialisation team, develop our proprietary technology and enhance our full-spectrum platform	52.4	52.3	0.1	By the end of 2023
For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio	99.9	89.4	10.5	N/A [(Note 3)]
For the construction of our Suzhou production base primarily for the commercial-scale production of our core product SM03				
For the purchase of laboratory equipment, primarily for the R&D of SM03 and potentially for the R&D of other products in our pipeline	85.8	48.4	37.4	By the end of 2023
For the purchase of manufacturing equipment, primarily for the production of SM03	59.7	9.9	49.8	By the end of 2023

Use of proceeds	Planned applications (Note 1) (HK$ million)	Actual utilisation up to 30 June 2023 (HK$ million)	Unutilised net proceeds as at 30 June 2023 (HK$ million)	Expected timeline for full utilisation of the unutilised net proceeds (Note 2)
For the construction of the Suzhou production base				
For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of rheumatoid arthritis, systemic lupus erythematosus, non-Hodgkin's lymphoma and other potential indications, R&D of SM03 at commercialisation to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline	87.6	87.2	0.4	By the end of 2023
For the construction of an upstream production facility and downstream purification facility	28.2	6.7	21.5	By the end of 2023
For the purchase of land from the Suzhou Dushu Lake Higher Education Town and other expenses related to the expansion of our Suzhou production base	117.9	98.9	19.0	By the end of 2023
For our working capital, expanding internal capabilities and other general corporate purposes	152.2	143.8	8.4	N/A
Collaboration with D2M Group	38.8	38.8	–	N/A
Total	1,272.8	1,089.7	183.1	

Notes:

(1) Planned applications as revised and disclosed in the Company's announcements dated 22 July 2020, 14 August 2020, 21 March 2022 and 20 March 2023.

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

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

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

SHARE SUBSCRIPTIONS AND USE OF PROCEEDS

On 16 November 2022, the Company completed an issue of 28,680,000 new ordinary shares at a subscription price of HK$1.78 per share to two subscribers and raised net proceeds of approximately HK$50,890,400, representing a net subscription price of approximately HK$1.77 per subscription share (the "**Subscription**"). The subscription price of HK$1.78 per share represents (i) the closing price per Share of HK$1.78 as quoted on the Stock Exchange on 2 November 2022, being the date of the subscription agreements; and (ii) a discount of approximately 0.56% to the average closing price per Share of HK$1.79 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the subscription agreements. Each of the investors, namely Ms. Shun Kuen CHAN and Mr. Shanchun WANG subscribed 14,340,000 new ordinary shares.

The Subscription was conditional upon the approval of the listing of, and permission to deal in, all the new shares being granted by the Listing Committee of the Stock Exchange. Approval was given by the Stock Exchange in November 2022.

The Directors consider that the Subscriptions represent a good opportunity for the Company to raise capital to meet the Company's funding needs and strengthen the shareholding base of the Company.

References are made to the Company's announcements dated 7 November 2022 and 20 March 2023.

Details of the planned applications of the net proceeds from the Subscriptions were disclosed in the Company's announcement dated 7 November 2022 and subsequently revised and disclosed in the Company's announcement dated 20 March 2023. The following table sets out the planned applications of the net proceeds and the actual usage up to 30 June 2023.

Intended use of the proceeds	**Planned application** *(HK$ million)*	**Details of usage**	**Actual utilisation up to 30 June 2023** *(HK$ million)*	**Unutilised net proceeds as at 30 June 2023** *(HK$ million)*	**Expected timeline for full utilisation of the unutilised net proceeds**
(i) For the R&D and commercialisation of our drug candidate	39.6	For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; and (ii) New Drug Application registration filings and the commercial launch of SM03.	25.0	14.6	By the end of 2023
(ii) Further advance the Company's R&D programmes, expand its R&D team, build its commercialisation team, develop its proprietary technology and enhance its full-spectrum platform	0.2	For R&D programmes of SN1011, especially for the Phase II clinical study for neuromyelitis optica spectrum disorder (NMOSD) in China, for the trial expense and related production cost.	0.2	–	N/A
	4.0	To fund the expansion of R&D team.	–	4.0	By the end of 2023
	2.0	To build the Company's commercialisation team, develop its proprietary technology and enhance the Company's full-spectrum platform.	–	2.0	By the end of 2023
(iii) For general working capital purpose	5.1	For the general working capital of the Group, including but not limited to staff employment cost and rental and property management fees.	2.3	2.8	By the end of 2023
Total	50.9		27.5	23.4	

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

SHARE INCENTIVES

During the Reporting Period, the Company maintained three share incentive schemes, including Restricted Share Unit Scheme (terminated with effect from 20 March 2023), Share Award Scheme and Share Option Scheme. The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period is 0.049.

The number of options and awards available for grant under the scheme mandate (including options and awards under the service provider sublimit) of all share schemes of the Company at the beginning of and at the end of the Reporting Period is 25,156,020 share options (including 10,062,404 share options under service provider sublimit).

Restricted Share Unit Scheme *(terminated with effect from 20 March 2023)*

On 14 December 2021, all restricted share units ("**RSUs**") under the restricted share unit scheme (the "**RSU Scheme**") had been granted and vested. As at the date of this report, the total number of Shares available for issue under the RSU Scheme is 0. At the beginning of the Reporting Period, there was no awards available for grant and no unvested RSUs under the RSU Scheme. The RSU Scheme was terminated by the Board with effect from 20 March 2023.

The RSU Scheme was conditionally adopted by the Shareholders on 18 October 2019, with effect from 12 November 2019. The principle terms of the RSU Scheme are set out in the section headed "Statutory and General Information — E. Scheme" in Appendix IV of the Company's Prospectus dated 31 October 2019. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate shall be 36,174,400 Shares. On 5 March 2020, the Company appointed Computershare Hong Kong Investor Services Limited to manage the RSU Scheme. For the purpose of the operation of the RSU Scheme, on 25 March 2020, Skytech Technology Limited, a company wholly-owned by Dr. Shui On LEUNG, transferred 36,174,400 Shares to Computershare Hong Kong Nominees Limited which holds such Shares for the beneficiaries of the RSU Scheme.

The Company may grant RSUs to existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of the Group and any person(s) whether or not an employee or officer of the Group whom the Board considers to be able to enhance the operations or value of our Group. The Board may determine from time to time the maximum number of RSUs which may be provisionally awarded by the Board to any selected participant.

An award of RSUs gives a participant in the RSU Scheme a conditional right to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion.

The purpose of the RSU Scheme is to incentivise the Directors, senior management and employees for their contribution to the Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, by providing them with the opportunity to own equity interests in the Company. The Board will select participants to receive RSUs under the RSU Scheme at its discretion.

The Board may determine in its absolute discretion, any vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter.

The grant and vesting of any RSUs, which may be granted pursuant to the RSU Scheme will be in compliance with Rule 10.07 of the Listing Rules.

The Company will issue announcements according to applicable Listing Rules, disclosing particulars of any RSUs granted under the RSU Scheme, including the date of grant, number of Shares involved and the vesting period, and comply with Chapter 14A of the Listing Rules.

On 5 June 2020, the Company granted 10,062,404 RSUs under the RSU Scheme in respect of 10,062,404 Shares to an employee of the Company and the said RSUs were vested on the same date. Please refer to the announcement of the Company dated 5 June 2020 for further information.

On 14 December 2021, the Company granted 26,111,996 RSUs under the RSU Scheme in respect of 26,111,996 Shares to Mr. Jing QIANG (the "**Grantee**") (the "**Grant**") and the said RSUs were vested on the same date.

There is no purchase price for above granted RSUs.

As at the date of the Grant, the Grantee was a Director and the Grant formed part of his remuneration under his service contract, and was fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules. Please refer to the announcement of the Company dated 23 December 2021 for further information.

After the Grant, all RSUs under the RSU Scheme have been granted and vested.

Share Award Scheme

A share award scheme as amended from time to time, (the "**Share Award Scheme**") was adopted by the Company on 4 February 2021 (the "**Adoption Date**"). The purposes of the Share Award Scheme are to incentivize our directors, senior management, employees and consultants for their contribution to our Group and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company and to promote the success of our Company's business.

Under the Share Award Scheme, the Board or an authorized person may select any eligible person and grant an award (the "**Award**") to the selected participants ("**Selected Participants**"). Any individual, being an employee or director of any member of the Group who the Board or an authorized person (as the case may be) considers, in its sole discretion, to have contributed or will contribute to the Group, are eligible person under the Share Award Scheme ("**Eligible Person**"). However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or an authorized person, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme and such individual shall therefore be excluded from the term Eligible Person. Computershare Hong Kong Trustees Limited (the "**Trustee**") has been appointed by the Company as the trustee for the Share Award Scheme. To satisfy an Award, the Company shall transfer to the trust the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price or through manual trades.

The Share Award Scheme will remain in force for a period of 10 years commencing on its Adoption Date until 3 February 2031, unless otherwise terminated under the terms of the Share Award Scheme.

The maximum number of Award Shares throughout the duration of the Share Award Scheme is 50,312,020 Shares, being 5% of the issued Shares of the Company as at the Adoption Date. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme is 20,124,808 Shares, being 2% of the issued Shares of the Company as at the Adoption Date. Details of the Share Award Scheme are set out in the announcement of the Company dated 4 February 2021. The vesting schedule will be set out in the grant letter for each grant.

A total of 1,140,000 Awards were granted and vested to the employees by the Company pursuant to the Share Award Scheme at the beginning of the Reporting Period.

During the Reporting Period, there were no movements with regard to the Awards under the Share Award Scheme, no Awards were vested, cancelled, lapsed or granted by the Company pursuant to the Share Award Scheme. There were no unvested Awards at the beginning and at the end of the Reporting Period. There were 16,955,500 Awards at the beginning and 16,955,500 Awards held by the Trustee at the end of the Reporting Period available for grant under the Share Award Scheme. No Share was purchased by the Trustee from the market during the Reporting Period. As at the date of this report, there are 16,955,500 Awards under the Share Award Scheme, being 1.64% of the issued Shares of the Company, are available for grant.

As at 30 June 2023, there were no unvested Awards under the Share Award Scheme.

Share Option Scheme

A share option scheme was adopted by the Shareholders on 26 October 2022 (the "**Adoption Date**") ("**2022 Share Option Scheme**"). Pursuant to the 2022 Share Option Scheme, the Board may grant options to eligible participants to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein.

The purpose of the 2022 Share Option Scheme is to provide the participants with the opportunity to acquire proprietary interests in the Company, to provide incentives to the Participants, and to recognise their contributions made and to be made to the growth and development of the Group and for such other purposes as the Board may approve from time to time.

Any employee (whether full-time or part-time), director, service provider of any member of the Group, is participants ("**Participant**") under the 2022 Share Option Scheme, provided that the Board may have absolute discretion to determine whether or not one falls within this category. The maximum number of shares which may be issued upon exercise of all share options to be granted under this 2022 Share Option Scheme and any grants made under any other schemes of the Company shall not exceed 50,312,020, representing 5% of the total number of shares in issue on the Adoption Date (the "**Scheme Mandate Limit**"). Within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to service providers shall not exceed 10,062,404 Shares, representing 1% of the total number of Shares in issue on the Adoption Date (the "**Service Provider Sublimit**"). The grantee shall pay HK$1.00 by way of consideration for the grant within the period stipulated in the offer letter. There were 25,156,020 share options (including 10,062,404 share options under Service Provider Sublimit) available for grant at the beginning and at the end of the Reporting Period. The total number of shares available for issue under the 2022 Share Option Scheme is 50,312,020,

representing 4.86% of the issued shares of the Company as at the date of this interim report *(Note)*. The total number of shares issued and to be issued upon exercise of the share options granted to each participant in any 12-month period shall not exceed 1% of the total number of shares in issue.

The options may by exercised during such period determined by the Board and specified in the offer letter to the grantee, which may be varied by the Board in accordance with the terms of the 2022 Share Option Scheme, provided that it shall not under any circumstances exceed ten years from the date of grant of the relevant option. The vesting period of options granted under the 2022 Share Option Scheme shall be determined by the Board subject to a minimum period set out in the rules of the 2022 Share Option Scheme.

The Board may delegate all or part of the administration to the chief executive officer, a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board.

The exercise price of the options shall not less than the highest of (i) the exercise price closing price of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant. The 2022 Share Option Scheme remains in force until 25 October 2032 unless otherwise terminated under the terms of the 2022 Share Option Scheme.

During the Reporting Period, there were no movements with regard to the 2022 Share Option Scheme, no share options were exercised, cancelled, lapsed or granted by the Company pursuant to the 2022 Share Option Scheme. The table below shows details of the outstanding share options granted to all grantees under the 2022 Share Option Scheme as at 30 June 2023.

		Number of share options										
Categories of Selected Participants	Date of Grant	Fair value per Share HK$ *(Note a)*	Closing price per Share immediately before the options of grant	Weighted average closing price immediately before the Options were exercised or vested	Outstanding as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Exercised/ Lapsed/ Cancelled during the Reporting Period	Outstanding as at 30 June 2023	Exercise Price per Share (HK$)	Vesting Date	Exercise Period
Employees	3 November 2022	1.75	1.78	N/A	25,156,000	–	–	–	25,156,000	1.79	4 November 2023	4 November 2023 to 2 November 2032

Note:

a. The fair value of the awarded shares was based on the closing price per share at the date of grant.

Note: the Company wishes to clarify that the corresponding sentence in the annual report of the Company for the year of 2022 on page 95 should read "The total number of shares available for issue under the 2022 Share Option Scheme is 50,312,020, representing 4.86% of the issued shares of the Company as at the date of this annual report".

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

As at 30 June 2023, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were entered in the register pursuant to section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ chief executive	Capacity/nature of interest[1]	Number of Shares	Approximate percentage of shareholding[2]
Ms. Wenyi LIU[3]	Interest in a controlled corporation and interest of spouse	285,703,036	27.61%
Dr. Shui On LEUNG[4]	Interest in a controlled corporation	129,729,200	12.54%

(1) All interests stated are long positions.

(2) As at 30 June 2023, the Company had 1,034,920,400 issued Shares.

(3) As at 30 June 2023, 212,879,400 Shares were held by Apricot Capital (上海杏澤投資管理有限公司) through Apricot Oversea Holdings Limited, West Biolake Holdings Limited, Apricot BioScience Holdings, L.P., Le Rong Limited and Zliverland Holdings Limited, which are ultimately controlled by Ms. Liu. Ms. Liu is deemed to be interested in these Shares for the purposes of the SFO. The interest in the other 72,823,636 Shares were held by Mr. Jing QIANG, of which 46,711,640 Shares were held through Grogene Technology Limited (格擎生物科技有限公司) which is wholly owned by Mr. Jing QIANG. Ms. Liu is the spouse of Mr. Qiang who is deemed to have an interest in the 72,823,636 Shares for the purposes of the SFO.

(4) As at 30 June 2023, these Shares were held by Skytech Technology, which is wholly owned by Dr. Leung.

Save as disclosed above, as at 30 June 2023, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, to the best knowledge of the Directors, the following persons/entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which had been disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest[1]	Number of Shares	Approximate percentage of shareholding[2]
Mr. Jing QIANG[4]	Beneficial interest, interest in a controlled corporation and interest of spouse	285,703,036	27.61%
Apricot Capital (上海杏澤投資管理有限公司)[5][6][7]	Interest in a controlled corporation	212,879,400	20.57%
Shanghai Yueyi Investment Centre (Limited Partnership)* (上海月溢投資中心(有限合夥))[5][7]	Interest in a controlled corporation	212,879,400	20.57%
Hainan Haiyao Co., Ltd. (海南海藥股份有限公司)[8]	Beneficial interest	158,882,115	15.35%
Skytech Technology[3]	Beneficial interest	129,729,200	12.54%
Apricot Oversea Holdings Limited[5]	Beneficial interest	108,306,600	10.47%
Ms. Sijia XU[9]	Beneficial interest	89,802,105	8.68%
West Biolake Holdings Limited[6]	Beneficial interest	72,339,000	6.99%
China Citic Bank Co., Ltd., Haikou Branch [8]	Person having a security interest in Shares	158,882,115	15.35%

* *For identification purpose only*

Notes:

(1) All interests stated are long positions.

(2) As at 30 June 2023, the Company had 1,034,920,400 issued Shares.

(3) Skytech Technology is a company wholly owned by Dr. Shui On LEUNG.

(4) As at 30 June 2023, 72,823,636 Shares were held by Mr. Jing QIANG of which 46,711,640 Shares were held through his wholly owned company, Grogene Technology Limited (格擎生物科技有限公司). The interest in the other 212,879,400 Shares were held by Apricot Capital (上海杏澤投資管理有限公司) through Apricot Oversea Holdings Limited, West Biolake Holdings Limited, Apricot BioScience Holdings, L.P., Le Rong Limited and Zliverland Holdings Limited, which are ultimately controlled by Ms. Wenyi LIU. Mr. Qiang is the spouse of Ms. Liu who is deemed to be interested in these Shares for the purposes of the SFO.

(5) Apricot Oversea Holdings Limited is the overseas holding platform of Xingze Xinghe and Shanghai Jianyi Xinghe Startup Investment Center (Limited Partnership)* (上海健益興禾創業投資中心(有限合夥) ("**Jianyi Xinghe**"), holding as to approximately 9.0% and 1.47% of the issued Shares as at 30 June 2023, respectively. Apricot Capital (上海杏澤投資管理有限公司) is the general partner of Jianyi Xinghe. Apricot Capital and Shanghai Yueyi Investment Centre (Limited Partnership)* (上海月溢投資中心(有限合夥)) ("**Yueyi Investment**") are the co-general partners of Xingze Xinghe. For the purpose of the SFO, Apricot Capital and Yueyi Investment are deemed to have an interest in the Shares held by Apricot Oversea Holdings Limited.

(6) West Biolake Holdings Limited is the overseas holding platform of Xingze Xingzhan. Apricot Capital is the general partner of Xingze Xingzhan. For the purpose of the SFO, Apricot Capital is deemed to have an interest in the Shares held by West Biolake Holdings Limited.

(7) Save as Apricot Capital's deemed interest in West Biolake Holdings Limited and Apricot Oversea Holdings Limited pursuant to the SFO, Apricot Capital is the general partner of Xingze Xingzhan. Apricot BioScience Holdings, L.P. held approximately 1.28% of the issued Shares as at 30 June 2023. Le Rong Limited and Zliverland Holdings Limited are the overseas holding platforms of Xingze Xingzhan, holding as to approximately 1.06% and 0.78% of the issued Shares as at 30 June 2023, respectively. Apricot Capital was owned by Ms. Wenyi LIU, a non-executive Director, and Shanghai Zuohe Investment Management Co., Ltd.* (上海佐禾投資管理有限公司) ("**Zuohe Investment**") as to 40% and 60%, respectively as at 30 June 2023. Zuohe Investment was owned by Ms. Liu and an independent third party as to 51% and 49% as at 30 June 2023, respectively. For the purpose of the SFO, Ms. Liu is deemed to have an interest in the Shares held by Apricot Capital and Zuohe Investment.

(8) Pursuant to a share charge where Hainan Haiyao Co., Ltd. (海南海藥股份有限公司) ("**Hainan Haiyao**") charged 158,882,115 Shares to China Citic Bank Co., Ltd., Haikou Branch ("**China Citic Bank**"), China Citic Bank had a security interest in 158,882,115 Shares which were beneficially owned by Hainan Haiyao.

(9) Pursuant to a share charge where Ms. Sijia XU charged 51,000,000 Shares to Haikou City Rural Credit Cooperatives* (海口市農村信用合作聯社), Haikou City Rural Credit Cooperatives had a security interest in 51,000,000 Shares which were beneficially owned by Ms. Xu.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

* *For identification purpose only*

CHANGES IN DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B (1) of the Listing Rules, the changes in information of the Directors for the six months ended 30 June 2023 and up to the date of this interim report are set out as below:

Name of Director	Details of changes
Non-Executive Director:	
Ms. Jie LIU	Appointed as a deputy general manager of Xinxing Cathay Innovative Medicine (Hainan) Technology Co., Ltd* (新興際華創新藥械(海南)科技有限公司), with effect from 11 January 2023. Ceased as a deputy general manager and the chief research and development engineer of Hainan Haiyao Co., Ltd. (海南海藥股份有限公司), a substantial shareholder of the Company, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000566), with effect from 24 April 2023.

* *for identification purpose only*

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiries with each of the Directors, all the Directors confirmed that they had complied with such code of conduct throughout the Reporting Period.

SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

The Company has adopted the Model Code as its written guidelines (the "**Employee Written Guidelines**") in respect of securities dealings by relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employee Written Guidelines by the relevant employees was noted by the Company throughout the Reporting Period.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential to providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has applied the principles and code provisions as set out in the CG Code.

The Company has complied with all applicable code provisions as set out in the CG Code during the six months ended 30 June 2023, except for code provision C.2.1 as explained below.

Chairman and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Dr. Shui On LEUNG is currently both the Chairman and the Chief Executive Officer of the Company.

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

NO MATERIAL CHANGES

Save as disclosed in this interim report, during the Reporting Period, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix 16 to the Listing Rules.

REVIEW OF RESULTS

The Audit Committee currently comprises four independent non-executive Directors being Mr. Ping Cho Terence HON (Chairman), Mr. George William Hunter CAUTHERLEY, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER. The Audit Committee has reviewed this interim report.

The Audit Committee has reviewed, alongside the Company's management and external auditor, the accounting principles and policies adopted by the Group, auditing and internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the Reporting Period. The independent review report of the external auditor is set out on page 21 of this interim report.

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company" or "our Company"	SinoMab BioScience Limited (中國抗體製藥有限公司), a company incorporated in Hong Kong on 27 April 2001 with limited liability
"Director(s)"	the director(s) of the Company
"FDA (USA)"	the United States Food and Drug Administration
"Group" or "our Group"	the Company and its subsidiaries
"HKFRSs"	the Hong Kong Financial Reporting Standards
"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration of the PRC
"Nomination Committee"	the nomination committee of the Company
"PRC" or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 31 October 2019
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	six months ended 30 June 2023

Definitions

"RMB" or "Renminbi"	the lawful currency of the PRC
"RSU"	restricted share unit
"RSU Scheme"	the restricted share unit scheme of the Company conditionally adopted by the Shareholders on 18 October 2019, with effect from 12 November 2019, and terminated with effect from 20 March 2023
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Skytech Technology"	Skytech Technology Limited, a limited company incorporated in the British Virgin Islands on 2 January 2001 and wholly-owned by Dr. Shui On LEUNG
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiaries"	the Company's subsidiaries and "subsidiaries" has the meaning ascribed to it under section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
"U.S.", "U.S.A." or "United States"	the United States of America, its territories, its possessions and all area subject to its jurisdiction
"we", "our" or "us"	the Company or the Group as the context requires
"Xingze Xinghe"	Shanghai Xingze Xinghe Startup Investment Centre (Limited Partnership)* (上海杏澤興禾創業投資中心(有限合夥)), formerly known as Shanghai Xingze Xinghe Investment Management Centre (Limited Partnership)* (上海杏澤興禾投資管理中心 (有限合夥)), a limited partnership established in the PRC on 8 January 2016
"Xingze Xingzhan"	Shanghai Xingze Xingzhan Enterprise Management Centre (Limited Partnership)* (上海杏澤興瞻企業管理中心(有限合夥)), a limited partnership established in the PRC on 16 October 2018
"%"	per cent

* *For identification purpose only*