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 2020

Contents

Corporate Information

DIRECTORS

Executive Directors

Dr. Shui On LEUNG
(Chairman and Chief Executive Officer)
Mr. Jing QIANG *(President)*

Non-executive Directors

Dr. Haigang CHEN
Mr. Xun DONG
Mr. Senlin LIU
Ms. Wenyi LIU
Mr. Huiyuan MA

Independent Non-executive Directors

Mr. George William Hunter CAUTHERLEY
Mr. Michael James Connolly HOGAN
Mr. Ping Cho Terence HON
Mr. Dylan Carlo TINKER

AUDIT COMMITTEE

Mr. Ping Cho Terence HON *(Chairman)*
Mr. George William Hunter CAUTHERLEY *(appointed on 23 March 2020 and effective from 1 April 2020)*
Mr. Michael James Connolly HOGAN
Mr. Dylan Carlo TINKER

REMUNERATION COMMITTEE

Mr. Michael James Connolly HOGAN *(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. Mei Chun CHENG *(resigned on 23 March 2020 and effective from 1 April 2020)*
Ms. Pui Yin Peony WONG *(appointed on 23 March 2020 and effective from 1 April 2020)*

AUTHORISED REPRESENTATIVES

Dr. Shui On LEUNG
Mr. Jianping HUA

REGISTERED OFFICE

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Ernst & Young

LEGAL ADVISER

As to Hong Kong law
Herbert Smith Freehills

COMPLIANCE ADVISER

Orient Capital (Hong Kong) Limited

HONG KONG SHARE REGISTRAR

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Shops 1712-1716
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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 am pleased to present the interim report of the Company (together with its subsidiaries) for the six months ended 30 June 2020. We would like to sincerely express our gratitude for your unwavering trust and support for the Company. In this statement, I share with you the review on the development of the Company over the past six months and the Board's views on the future outlook.

In the first half of 2020, coronavirus disease (COVID-19) pandemic hindered global economic activities. Nevertheless, thanks to all staff members' perseverance to stay at work at this particularly difficult time, our Company has made a satisfying progress in our R&D endeavours. We have successfully completed the Phase II clinical trials of our flagship product, SM03, for the treatment of rheumatoid arthritis ("**RA**") in China. The Company was invited to give an oral presentation on the results by Professor Zhang Fengchun, the leading principal investigator, on 5 June 2020 at the European League Against Rheumatism Congress 2020. The Phase III clinical trials in China are currently in progress, and the interim analysis accomplished on 19 June 2020 revealed SM03's satisfactory safety and tolerability profile as well as adherence to the study treatment. Therefore, the Independent Data Management Committee recommended to continue the present study. SM03 is continuously moving towards commercialization and we expect to commence its official marketing by 2021 at the earliest.

The Company has not slowed down R&D of other drugs either. On 15 January 2020, we successfully completed the single ascending dose cohorts in Phase I clinical trials of our third-generation, covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor drug candidate, SN1011, in Australia. Due to the COVID-19 pandemic, the half-completed multiple ascending dose cohorts were temporarily suspended, and we expect the resumption of the trial in Australia by August 2020. Meanwhile, we filed an Investigational New Drug application ("**IND**") for SN1011 to the National Medical Products Administration of China on 22 June 2020, which has been promptly accepted

on 25 June 2020. The Company plans to initiate the Phase I clinical study in China upon approval of the present IND. The present IND submission, once granted, will also enable the Company to conduct a comprehensive clinical development programme in China which leads to indication for treatment of systemic lupus erythematosus and RA. Furthermore, we have been accelerating the filing of the US IND for SM17, a humanised antibody against a novel target, which aims at the treatment of asthma indications.

The Company now comprises a full-spectrum platform which consists of target identification, drug candidate development, pre-clinical research, clinical trials, clinical production, quality control, quality assurance, regulatory approval and commercial-scale production. We also continually explore possibilities of enlarging our production capacity, endeavouring to grow vertically into a leading biopharmaceutical company. In Haikou, we possess a GMP-compliant manufacturing plant with a production capacity of 1,200L which will be used for the Biologics Licence Application submission of SM03 and the initial commercial production. Our second production facility in Suzhou BioBAY, which is expected to commence operation as the base for SM03's subsequent production in the second half of 2021, will be expanded to contain 3 stainless steel bioreactors of 2,000L each. Apart from upgrading our existing facilities, MediNexus Pharma (Suzhou) Limited, our wholly owned subsidiary, acquired a land parcel of 43,158 sq.m. from Suzhou government and Suzhou BioBAY this year. The parcel will be utilised to build our campus in China, which will encompass the Company's PRC headquarters, an R&D centre and a multi-purpose production base, and will possess a full-fledged capacity to vertically integrate innovative R&D through production to marketing. The campus is expected to commence operation in 2021 with a production capacity of over 30,000 L.

Currently, the Company has a physical presence in Hong Kong, Haikou, Suzhou and Australia with a proactive layout for global development, turning ourselves into a global biopharmaceutical company with various products and sustainable development to fulfill the rising demand for premium healthcare. Despite the inevitable negative sentiment in global markets due to the pandemic, the worldwide concern for and pursuit of public health have become one of our unprecedented opportunities. While overseas markets for monoclonal antibodies like therapeutics have been robustly growing, the market in China is still in its infancy. In addition, in recent years, the Ministry of Science and Technology, the Ministry of Industry and Information Technology as well as the State Council of the PRC have successively and clearly demonstrated their support to the advancement of antibody drugs in various aspects including innovation, industrialisation and internationalisation. Therefore, the Company firmly believes that there is still a huge scope for the development of the autoimmune disease treatment market in China and other parts of the world, and is confident in taking up a favourable position in terms of market competition to achieve sustainable long-term development.

Since establishment, the Company has always been focusing on the discovery and development of novel drug targets, and endeavouring to become an internationalised innovative biopharmaceutical group. Leveraging a healthy asset structure and cash flow as well as excellent capabilities in scientific research and strategic partnerships, the Company has already developed into one of the leading innovative enterprises and capital-effective biopharmaceutical manufacturers. Looking forward, the Company will continue expanding its R&D layout of innovative products by enhancing its R&D capability in the identification of novel drug targets, strengthening R&D which focuses on immunological disease treatments, establishing efficient clinical and marketing teams, and aiming to pursue patients' well-being while advancing our society together with scientists, governments, regulatory authorities, Shareholders and investors.

In the near future, though we may face various uncertain factors, with the reliance and support from the Shareholders and investors and our original aspiration in mind, the Company will exert the utmost strength to keep our promises made to the patients, Shareholders and the society. I, on behalf of the Board and management of the Company, would like to express our sincere gratitude to the Shareholders, investors and different sectors in the society for their sustained attention and support, and to our staff for their contribution in assisting us to accomplish our promises.

Chairman, Executive Director and Chief Executive Officer
Dr. Shui On LEUNG
24 August 2020

OVERVIEW

We are the first Hong Kong-based listed biopharmaceutical company dedicated to the research, development, manufacturing and commercialization of therapeutics for the treatment of immunological diseases, primarily monoclonal antibody ("**mAb**")-based biologics. We strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based R&D and 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 addressing indications against a plethora of immunological diseases.

Our flagship product, SM03, is a potential global first-in-target mAb for the treatment of rheumatoid arthritis ("**RA**") and potentially for the treatment of other immunological diseases, which is expected to be commercialized by the end of 2021.

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

PROGRESS OF CLINICAL PROJECTS

Product Pipeline

Pipeline	Indication	Territory	IND Enabling	Phase I	Phase II	Phase III
SM03 (anti-CD22) (First-in-Target)	RA	China				
	NHL					
	SLE					
	Sjogren's syndrome (SS)					
SN1011 (BTK Inhibitor) (Third-Generation)	RA	Australia				
	SLE					
	Pemphigus					
	RA	China				
	SLE					
SM17 (Humanised Anti-IL17BR) (First-in-Class and First-in-Target)	Asthma					
	IPF					
SM09 (Humanised Anti-CD20)	NHL					
	RA					
SM06 (Humanised anti-CD22)	RA					
	NHL					
	SLE					
	SS					
TNF2 (Humanised Ab)	RA					

Clinical stage IND enabling stage

Flagship Product

SM03

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

We plan to rapidly advance the development of SM03. As at 30 June 2020, a total of 290 patients have been enrolled into SM03 Phase III clinical trials for RA and treated with the assigned drugs. A Phase III clinical trial interim analysis whose objective is to assess the safety and tolerability profile of patient against existing SM03's safety information was completed in June 2020. Safety data of the Phase III clinical trial interim analysis were generally in line with the results of Phase II clinical trials. We expect to complete patient enrollment for SM03's Phase III clinical trial for RA during the period from the fourth quarter of 2020 to the first quarter of 2021, and plan to file our Biologics Licence Application ("**BLA**") with the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**") in the second half of 2021. Such timeframe was extended from the original schedule as a result of the uncertainties brought by coronavirus disease (COVID-19). We also expect to commercialize SM03 by the end of 2021 at the earliest. For global development, we also plan to conduct a bridging clinical study in Australia, which will lead to the subsequent clinical program planned in the United States. The bridging clinical trial is under preparation despite the uncertainties caused by the COVID-19 pandemic. In addition to our efforts to develop SM03 as a therapeutic for RA, we will advance SM03 clinical trials for SLE to broaden the therapeutic uses of SM03 for addressing unmet medical needs.

Key Products

SN1011

SN1011 is a third generation Bruton's tyrosine kinase ("**BTK**") inhibitor designed for higher selectivity and superior efficacy for the long-term treatment of SLE, RA, pemphigus, multiple sclerosis and other immunological diseases. SN1011 differentiates from existing BTK inhibitors currently available in the market, such as Ibrutinib, in terms of selectivity and affinity.

With regard to SN1011's Phase I clinical trial in Australia, the Company has been conducting the clinical trials for the evaluation of the safety and tolerability of SN1011 in a group of healthy adult subjects, including both single ascending dose ("**SAD**") and multiple ascending dose studies. As at 15 January 2020, the phase I of the clinical trial in respect of the SAD part has been completed on 40 Caucasian subjects. On 22 June 2020, the Company filed an Investigational New Drug ("**IND**") application (autoimmune disease) which was accepted by the Center for Drug Evaluation of the NMPA on 25 June 2020. The Company plans to initiate the Phase I clinical study in China upon the IND approval. Please also refer to the Company's announcements dated 14 November 2019, 29 January 2020 and 29 June 2020 for further information about the latest R&D progress of SN1011.

SM17

The parent antibody of SM17 was originally developed to treat eosinophilic asthma via blockage of IL25 onto the receptor IL17BR expressed on ILC2. The antibody is specific to IL17BR, which is found to be significantly upgraded in biopsy tissues of asthmatic patients. When evaluated in a murine-based Ovalbumin (OVA)-induced Allergic Asthma Model, binding of the antibody to IL17BR blocks receptor signaling which enhanced protection against airways resistance and significantly reduced cell infiltration into the lungs and serum levels of antigen specific immunoglobulin E (IgE). This potential first-in-class and first-in-target antibody was further humanised

by the Group's international partner, LifeArc (a medical research charity based in the United Kingdom), using their proprietary humanisation technology. The antibody was later found to exhibit other therapeutic potential, including type II ulcerative colitis and idiopathic pulmonary fibrosis ("**IPF**"). In the latter case, the antibody was demonstrated to significantly reduce pulmonary collagen in mice suffering from bleomycin-induced pulmonary fibrosis. The levels of antibody-induced pulmonary collagen reduction were comparable to such achieved in mice treated with pirfenidone.

We are in the process of generating and collecting the necessary data through our in-house platforms for IND filing. We are currently generating high-yield production cell and preparing for the full characterisations of SM17. Upon the establishment of the cell bank, we will further establish the parameters for bioreactor production, optimise purification and formulation, and finalise physicochemical properties and quality control assays for SM17. We will then conduct pre-clinical studies to test its efficacies, safety and pharmacokinetics ("**PK**")/pharmacodynamics ("**PD**"), and fulfil other regulatory requirements as consistent with the policies of the regulatory agencies in major jurisdictions. Pre-IND meetings with the relevant regulatory agencies in these jurisdictions are planned prior to our IND submissions. We intend to enter into human clinical trials by the first quarter of 2021.

Other drug candidates

SM06

SM06 is a second-generation anti-CD22 antibody that is humanised using our proprietary framework-patching technology. SM06 is a humanised version of SM03 with the same mechanism of action of SM03. It is contemplated to be a less immunogenic and more human-like antibody with reduced side effects. We believe that SM06 will be more suitable for treating diseases requiring long-term administration, such as RA, SLE and other immunological diseases. We are currently in the process of optimising production for SM06 and expect to complete pre-clinical research in five years. Once we commercialize SM03, we will proceed to engage the NMPA to initiate clinical trials for SM06.

SM09

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

TNF2

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

PRODUCTION

During the Reporting Period, 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 4,526 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.

The Company is in the process of constructing the Suzhou commercial-scale production base in compliance with the current Good Manufacturing Practice ("**GMP**") standards enforced by the United States Food and Drug Administration (the "**FDA**"). Construction of administrative areas, testing laboratories and R&D laboratories was completed in 2019. These facilities are under commissioning and are expected to be in operation by the end of 2020 for supporting ongoing and new product development projects. The construction and equipment installation for the production area are expected to be completed in the first half of 2021, and the production area is expected to fully operate in the second half of 2021.

R&D ACTIVITIES OF FLAGSHIP PRODUCT

Our flagship product SM03 is a potential first-in-target anti-CD22 mAb for the treatment of RA and is expected to be our first commercially available drug candidate. We hypothesised that SM03 adopts a novel mechanism of action which differentiates itself from the current treatments available in the market and we are currently working towards uncovering the mechanism.

As at 30 June 2020, a total of 290 patients have been enrolled into SM03 Phase III clinical trials for RA. We expect to complete patient enrollment for SM03's Phase III clinical trial for RA during the period from the fourth quarter of 2020 to the first quarter of 2021, and plan to file our BLA with the NMPA in the second half of 2021. We also plan to conduct a bridging clinical study in Australia, which will lead to the subsequent clinical program planned in the United States.

SM03 may not ultimately be successfully developed and marketed.

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 expenses, travel expenses, insurance, utilities and other supplies.

During the Reporting Period, the Group incurred approximately RMB26.7 million on the R&D activities of SM03.

INTELLECTUAL PROPERTY

Core Technology of Main Drugs (Products)

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

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

Well-known or Famous Trademarks

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

Patents

Item	**As at 30 June 2020**	As at 31 December 2019
Number of invention patents owned by the Company	**19**	19

HUMAN RESOURCES

As at 30 June 2020, the Group had a total of 143 employees. 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, 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.	**6**	6
Master	**13**	15
Undergraduate or below	**13**	7
Total number of R&D personnel	**32**	28
Percentage of R&D personnel to the total number of staff	**22%**	25%

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

MAJOR GOVERNMENT R&D GRANTS, FUNDING, SUBSIDIES AND TAX PREFERENCE

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

FUTURE AND PROSPECTS

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

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

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

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

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

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

Clinical Development Plan

We will continue to advance clinical trials for SM03 for RA and SLE. As previously mentioned, we expect to file our SM03 BLA for RA with the NMPA in the second half of 2021 at the earliest. We are also actively preparing for SM03 global development through initiating a bridging study in the Caucasian population. The study is under preparation, despite the uncertainties caused by the COVID-19 pandemic. In terms of the broader indication development, we will advance clinical trials for SLE and possibly other autoimmune diseases.

We will continue the global clinical development programme for SN1011 in the immunological diseases area. We expect to finish Phase I first-in-human ("**FIH**") study by late 2020 and initiate Phase II proof of concept ("**POC**") study for patients with autoimmune diseases in the second half of 2021. On 22 June 2020, the Company filed an IND application (for autoimmune disease) which was accepted by the Center for Drug Evaluation of the NMPA on 25 June 2020. The Company plans to initiate Phase I clinical study in China upon the IND approval.

Further, in respect of SM17, we plan to enter into global human clinical trials by the first quarter of 2021.

Pre-clinical R&D

The Group's international partner, LifeArc, engaged the Company to co-develop SM17. The Company is in the process of generating and collecting the necessary data for IND filing in respect of SM17, and will thereafter conduct pre-clinical studies to test its efficacies, safety and PK/PD, and fulfil other regulatory requirements. The Company intends to enter into human clinical trials by the first quarter of 2021.

The Company continues to optimise production and pre-clinical research for SM06, SM09 and TNF2. It is expected that these pre-clinical researches will complete in three years, after which the Company will engage the NMPA and/or FDA to initiate clinical trials.

Production

The Suzhou commercial-scale production base is under commissioning, the administrative and laboratory arm of which is expected to be in operation by the end of 2020 for supporting ongoing and new product development projects. The construction and equipment installation for the production area are expected to be completed in the first half of 2021, and the production area is expected to fully operate in the second half of 2021.

On 24 June 2020, the Company purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, where the Company plans to build its PRC headquarters, an R&D centre and a second production base. The associated construction work is expected to commence in the second half of this year.

Commercialization

Albeit uncertainties associated with COVID-19, we expect to hire up to 100 employees by 2021. Our commercialization team is expected to cover a majority of provinces and municipalities in China and to support the future commercialization of our drug candidates.

COVID-19

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

FINANCIAL REVIEW

Other income and gains

Our other income and gains consist primarily of bank interest income, changes in fair value of financial assets at fair value through profit or loss, governmental subsidy and foreign exchange gain. Total other income and gains were approximately RMB18.7 million for the six months ended 30 June 2020, representing an increase of approximately RMB18.4 million from the six months ended 30 June 2019, mainly due to (i) an increase in bank interest income amounting to approximately RMB7.3 million; (ii) an increase in change in fair value of financial assets at fair value through profit or loss of approximately RMB6.6 million; (iii) an increase in government subsidy amounting to approximately RMB2.5 million; and (iv) an increase in net foreign exchange gain amounting to approximately RMB2.0 million.

R&D costs

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Laboratory consumable and experiment costs	**37,246**	22,120
Milestone payment of co-developed products	**–**	1,689
Employment costs	**7,749**	5,565
Others	**2,821**	3,406
	47,816	32,780

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

For the six months ended 30 June 2020 and 2019, we incurred R&D costs of approximately RMB47.8 million and RMB32.8 million, respectively. The increase in our R&D costs was mainly due to (i) an increase in laboratory consumable and experiment costs for SN1011's Phase I clinical trial amounting to approximately RMB13.8 million and (ii) an increase in employment costs amounting to approximately RMB2.2 million due to business expansion.

Administrative expenses

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

For the six months ended 30 June 2020 and 2019, our total administrative expenses were approximately RMB50.0 million and RMB12.0 million, respectively. The increase was mainly due to (i) the recognition of a non-cash share-based payment (being the grant of restricted share units under the restricted share units scheme of approximately RMB34.9 million); (ii) an increase in the employment costs for our business expansion of approximately RMB5.1 million; (iii) an increase in post-listing expenses including public relations fees, compliance fees and independent non-executive directors' fees of approximately RMB1.8 million; (iv) an increase in auditing expenses of approximately RMB1.0 million; and (v) offset by the decrease in listing fees of approximately RMB5.3 million.

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 2020, our bank balance and cash totalled RMB1,036.5 million, as compared to RMB1,200.9 million as at 31 December 2019. The decrease was mainly due to (i) an investment in China Healthcare Fund Segregated Portfolio (the "**Healthcare Fund**"), which is a segregated portfolio of New China Overseas Opportunity Fund SPC ("**New China Overseas**"), of approximately RMB69.6 million (equivalent to HK$78.0 million); (ii) a settlement of listing fees of approximately RMB54.5 million; (iii) the acquisition of land in Suzhou of approximately RMB16.4 million; and (iv) cash used in operations including the payment of intellectual property transfer fees amounting to approximately RMB20.0 million.

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Net cash flows used in operating activities	**(73,924)**	(26,864)
Net cash flows used in investing activities	**(633,666)**	(21,783)
Net cash flows (used in)/from financing activities	**(12,814)**	171,700
Net (decrease)/increase in cash and cash equivalents	**(720,404)**	123,053
Cash and cash equivalents at the beginning of the period	**1,200,868**	41,512
Effect of foreign exchange rate changes, net	**16,432**	611
Cash and cash equivalents at the end of the period	**496,896**	165,176
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of financial position	**1,036,496**	165,176
Non-pledged time deposits with original maturity of over three months when acquired	**(539,600)**	–
	496,896	165,176

As at 30 June 2020, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Bank Borrowings and Gearing

As at 30 June 2020, the Group's outstanding borrowings of RMB58.4 million (31 December 2019: RMB20.3 million) were denominated in RMB and carried at a variable rate of interest equal to the People's Bank of China RMB base lending rate.

The Group monitored capital using gearing ratio. As at 30 June 2020, the Group's gearing ratio (total debt (including bank and other borrowings) as a percentage of total equity as of the end of the period) was 5% (31 December 2019: 2%).

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 minimizing 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.

DIVIDEND

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

LOSS PER SHARE

The basic and diluted loss per share are RMB0.08 for the six months ended 30 June 2020 (30 June 2019: RMB0.06).

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss		
Loss attributable to ordinary equity holders of the parent	**80,840**	46,346

	Number of shares Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
Shares		
Weighted average number of ordinary shares in issue during the period	**1,006,240,400**	799,094,481

CAPITAL COMMITMENTS

Particulars of capital commitments of the Group as at 30 June 2020 are set out in note 12 to the condensed consolidated financial statements.

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.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2020, the Company held an investment (the "**Investment**") in the Healthcare Fund, which is a segregated portfolio of New China Overseas. New China Overseas is an open-ended investment company incorporated in the Cayman Islands with limited liability on 17 October 2014 and registered as an exempted segregated portfolio company with the Registrar of Companies of the Cayman Islands.

The principal investment objective of the Healthcare Fund is to achieve absolute returns through investment in the healthcare industry in the Greater China region and to capture the investment opportunities in the fast-growing healthcare industry in the Greater China region. The Healthcare Fund mainly invests in equities listed on the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), as well as the stock exchanges in the PRC and the United States. In particular, the Healthcare Fund focuses on investing in equities whose operations focused mainly in, or who derive a significant amount of earnings from, the healthcare industry in the Greater China region, or which are closely related thereto.

The Company made an investment amounting to HK$78.0 million in the Investment on 22 January 2020. As at 30 June 2020, the fair value of the Investment amounted to approximately RMB77.9 million (equivalent to approximately HK$85.3 million) which represented approximately 6.38% to the total assets of the Company. During the Reporting Period, the Company recognised unrealised gain from change in fair value of the Investment of approximately RMB6.6 million and received no dividend.

Based on the performance of the Healthcare Fund since its establishment in 2015, the average annualised rate of return is approximately 2.37% per annum. The Healthcare Fund yielded a steady return of approximately 9% for the six months ended 30 June 2020, despite the weak global economy, social unrest and the trade war between China and the United States, as the fund manager focused on investing in equities mainly in the healthcare industry that the fund manager believed would have high growth rates, reasonable valuations and strong track records. The fund manager of the Healthcare Fund believes that the growth of the healthcare industry will be at a relatively fast rate, and the sub-sector of innovative drugs including antibody, bispecific and gene therapy would have tremendous potential in foreseeable future. Therefore, it is expected that the performance of the Healthcare Fund will remain steady and strong, and will yield a return of around 7% or more for the upcoming year.

The Investment serves as a corporate investment strategy to maintain and generate possible future income of the Company and is a means to better utilise the Company's current financial resources, and falls under "other general corporate purposes" of the Company's planned use of proceeds from the Company's listing. The Investment will mature and be redeemed on 22 January 2021.

Save as disclosed above, the Company did not hold any other significant investment with a value greater than 5% of the Company's total assets as at 30 June 2020.

CHANGE IN USE OF PROCEEDS

As further disclosed in the section headed "USE OF PROCEEDS FROM LISTING" in this Interim Report, the Board has resolved to change the use of the unutilised net proceeds. The change in use of proceeds was made in light of a strategic collaboration with D2M Biotherapeutics Limited ("**D2M**") for a long-term collaboration for the identification of novel drug targets (the "**Collaboration**").

On 22 July 2020, the Company and D2M entered into a research, development and commercialization agreement in respect of the Collaboration. The Company also entered into a shares purchase agreement and a shareholders' agreement with D2M, among others, pursuant to which Ingenious Sino Limited, a wholly-owned subsidiary of the Company, shall purchase from D2M 27,780,000 series pre-A1 preferred shares, representing 38.17% of the immediate post-closing share percentage in D2M, at an aggregate purchase price of US$5,000,000. Further details relating to the Collaboration were disclosed in the announcement of the Company dated 22 July 2020.

Independent Review Report

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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 17 to 36, which comprises the condensed consolidated statement of financial position of SinoMab BioScience Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2020 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
24 August 2020

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

	Notes	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Other income and gains		**18,659**	217
Research and development costs		**(47,816)**	(32,780)
Administrative expenses		**(50,030)**	(12,019)
Finance costs		**(1,524)**	(1,305)
Other expenses		**(129)**	(459)
LOSS BEFORE TAX	*4*	**(80,840)**	(46,346)
Income tax expenses	*5*	**–**	–
LOSS FOR THE PERIOD		**(80,840)**	(46,346)
Attributable to:			
Owners of the parent		**(80,840)**	(46,346)
Non-controlling interests		**–**	–
		(80,840)	(46,346)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*7*	**0.08**	0.06

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
LOSS FOR THE PERIOD	**(80,840)**	(46,346)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**17,807**	632
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**17,807**	632
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**17,807**	632
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(63,033)**	(45,714)
Attributable to:		
Owners of the parent	**(63,033)**	(45,714)
Non-controlling interests	**–**	–
	(63,033)	(45,714)

Interim Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**20,646**	17,077
Right-of-use assets		**37,706**	25,091
Other non-current assets		**31,971**	26,955
Total non-current assets		**90,323**	69,123
CURRENT ASSETS			
Prepayments, deposits and other receivables		**17,085**	14,174
Financial assets at fair value through profit or loss	9	**77,902**	–
Cash and cash equivalents		**1,036,496**	1,200,868
Total current assets		**1,131,483**	1,215,042
CURRENT LIABILITIES			
Other payables and accruals		**26,887**	98,635
Lease liabilities		**11,787**	8,040
Interest-bearing bank borrowings		**2,500**	–
Total current liabilities		**41,174**	106,675

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Interim Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
NET CURRENT ASSETS		**1,090,309**	1,108,367
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,180,632**	1,177,490
NON-CURRENT LIABILITIES			
Lease liabilities		**20,423**	25,292
Interest-bearing bank borrowings		**55,944**	20,282
Total non-current liabilities		**76,367**	45,574
Net assets		**1,104,265**	1,131,916
EQUITY			
Equity attributable to owners of the parent			
Share capital	*10*	**1,679,126**	1,679,126
Reserves		**(574,861)**	(547,210)
Total equity		**1,104,265**	1,131,916

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

		Attributable to owners of the parent							
	Note	Share capital *RMB'000*	Share-based payment reserve* *RMB'000*	Capital reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2020 (audited)		1,679,126	-	8,637	(3,680)	(552,167)	1,131,916	-	1,131,916
Loss for the period		-	-	-	-	(80,840)	(80,840)	-	(80,840)
Other comprehensive income for the period:									
Exchange differences on translation of the Company		-	-	-	17,807	-	17,807	-	17,807
Total comprehensive loss for the period		-	-	-	17,807	(80,840)	(63,033)	-	(63,033)
Share-based payment	*11*	-	35,382	-	-	-	35,382	-	35,382
At 30 June 2020 (unaudited)		1,679,126	35,382	8,637	14,127	(633,007)	1,104,265	-	1,104,265

continued/...

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the parent						
	Share capital *RMB'000*	Capital reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2019 (audited)	301,532	8,637	(6,878)	(275,885)	27,406	–	27,406
Loss for the period	–	–	–	(46,346)	(46,346)	–	(46,346)
Other comprehensive income for the period:							
Exchange differences on translation of the Company	–	–	632	–	632	–	632
Total comprehensive loss for the period	–	–	632	(46,346)	(45,714)	–	(45,714)
Issue of shares	200,000	–	–	–	200,000	–	200,000
Share issue expenses	(769)	–	–	–	(769)	–	(769)
At 30 June 2019 (unaudited)	500,763	8,637	(6,246)	(322,231)	180,923	–	180,923

* These reserve accounts comprise the consolidated reserves of RMB574,860,789 and RMB319,840,307 in the interim condensed consolidated statements of financial position as at 30 June 2020 and 2019, respectively.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(80,840)**	(46,346)
Adjustments for:			
Finance costs		**1,524**	1,305
Bank interest income		**(7,527)**	(217)
Loss on disposal of items of property, plant and equipment		**–**	7
Changes in fair value of financial assets at fair value through profit or loss	*4*	**(6,583)**	–
Depreciation of property, plant and equipment		**1,612**	909
Depreciation of right-of-use assets		**2,866**	3,188
Share-based payment	*11*	**34,903**	–
(Increase)/decrease in prepayments, deposits and other receivables		**(2,911)**	5,783
(Decrease)/increase in other payables and accruals		**(24,495)**	8,290
Cash used in operations		**(81,451)**	(27,081)
Interest received		**7,527**	217
Net cash flows used in operating activities		**(73,924)**	(26,864)

continued/...

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	2020 *RMB'000* *(unaudited)*	2019 RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(8,135)**	(21,783)
Purchase of land use rights	**(16,366)**	–
Purchase of financial assets at fair value through profit of loss	**(69,565)**	–
Increase in time deposits with original maturity of over three months	**(539,600)**	–
Net cash flows used in investing activities	**(633,666)**	(21,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**–**	200,000
New bank loans	**38,162**	–
Share issue expenses	**(49,253)**	(1,931)
Principal portion of lease payments	**(866)**	(14,060)
Repayment of other borrowings	**–**	(10,000)
Interest paid	**(857)**	(2,309)
Net cash flows (used in)/from financing activities	**(12,814)**	171,700
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(720,404)**	123,053
Cash and cash equivalents at beginning of period	**1,200,868**	41,512
Effect of foreign exchange rate changes, net	**16,432**	611
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**496,896**	165,176
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position	**1,036,496**	165,176
Non-pledged time deposits with original maturity of over three months when acquired	**(539,600)**	–
Cash and cash equivalents as stated in the statement of cash flows	**496,896**	165,176

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The financial information relating to the year ended 31 December 2019 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 2019 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 2019. 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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised HKFRSs are described below (continued):

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

The Group elected to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

Non-current assets

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Mainland China	**82,486**	59,134
Hong Kong	**7,837**	9,989
	90,323	69,123

The non-current asset information above is based on the locations of the assets.

4. LOSS BEFORE TAX

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

	Note	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Exchange differences, net		**(2,040)**	434
Changes in fair value of financial assets at fair value through profit or loss		**(6,583)**	–
Employee benefit expenses			
Share-based payment	*11*	**34,903**	–

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

No Hong Kong profits tax was provided for as there was no estimated assessable profit of the Company that was subject to Hong Kong profits tax during the periods presented in the interim condensed consolidated financial statements.

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 for as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the interim condensed consolidated financial statements.

6. DIVIDENDS

No dividend was paid or declared by the Company during the periods ended 30 June 2020 and 2019.

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

The calculation of the basic earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The weighted average number of ordinary shares for the period ended 30 June 2019 was calculated based on the assumption that the bonus issue on 12 November 2019 has been adjusted retrospectively.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss		
Loss attributable to ordinary equity holders of the parent	**80,840**	46,346

	Number of shares	
	Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
Shares		
Weighted average number of ordinary shares in issue during the period	**1,006,240,400**	799,094,481

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB5,069,000 (30 June 2019: RMB7,523,000).

The Group did not dispose of any asset during the six months ended 30 June 2020 (30 June 2019: RMB7,000).

No impairment losses were recognised during the six months ended 30 June 2020 and 2019.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Unlisted investment, at fair value	77,902	–

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

10. SHARE CAPITAL

	Number of shares in issue (unaudited)	Amount RMB'000 (unaudited)
At 1 January 2019	3,617,445	301,532
Issue of shares on 15 February 2019	503,110	200,000
Bonus issue	819,990,445	–
Issue of shares on 12 November 2019	182,129,400	1,237,460
Share issue expenses	–	(59,866)
At 1 January 2020 and 30 June 2020	1,006,240,400	1,679,126

11. SHARE-BASED PAYMENT

The Company operates a restricted share unit scheme (the "**Scheme**") with effect from 12 November 2019. The purpose of the 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. Eligible persons of the Scheme include 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 the Group.

Unless otherwise cancelled or amended, the Scheme shall be valid and effective for a period of ten years, commencing on the date of the first grant of the restricted share units (the "**RSUs**") (unless it is terminated earlier in accordance with its terms).

The maximum number of RSUs that may be granted under the Scheme in aggregate shall be 36,174,400 shares, which represents approximately 3.60% of the shares in issue. Any grant of RSUs to any Director, chief executive or substantial shareholder of the Company (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules) shall be subject to the requirements of the Listing Rules.

A grant shall be made by a letter and/or any such notice or document in such form as the Board may from time to time determine and such grant shall be subject to the terms as specified in the Scheme. Such RSUs shall remain open for acceptance by the selected person to whom a grant is made for a period to be determined by the Board. To the extent that the RSUs are not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

The following RSUs were outstanding under the Scheme during the period:

	Exercise price *HKD per unit*	**Number of units** *'000*
As at 1 January 2020	–	36,174
Granted and exercised during the period	–	(10,062)
As at 30 June 2020 (unaudited)	**–**	**26,112**

On 5 June 2020, the Company granted 10,062,404 RSUs under the Scheme in respect of 10,062,404 units to an employee of the Company and the said RSUs were vested on the same date. The exercise price of RSUs is nil.

11. SHARE-BASED PAYMENT (continued)

The exercise prices and exercise period of the RSUs outstanding as at the end of the reporting period are as follows:

2020

Number of units *'000*	Exercise price *HKD per unit*	Exercise period
26,112	–	N/A

The fair value of RSUs granted during the period is HKD38,639,631 (HKD3.84 per unit), and the Group recognised a share-based payment expense of HKD38,639,631(equivalent to RMB34,903,179) during the six months ended 30 June 2020.

The directors of the board of the Company have used the closing price at the grant date to determine the fair value of the RSUs granted, as the RSUs were vested on the same date of grant.

12. COMMITMENTS

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

	30 June 2020 ***RMB'000*** ***(unaudited)***	31 December 2019 *RMB'000* *(audited)*
Contracted, but not provided for:		
Plant and machinery	**83,530**	72,793
Capital contribution payable	**35,398**	–
	118,928	72,793

13. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Repayment of borrowing from a related party:		
Hainan Haiyao Co., Ltd.	**–**	10,000
Interest expense paid to a related party:		
Hainan Haiyao Co., Ltd.	**–**	225
Operating lease rent from a related party:		
Haikou Pharmaceutical Factory Co., Ltd.	**2,248**	2,500

(b) Outstanding balances with related parties:

		30 June	31 December
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(audited)*
Other payables and accruals:			
Haikou Pharmaceutical Factory Co., Ltd.	*(i)*	**950**	–
Suzhou Sinovent Pharmaceutical Technology Co., Ltd.	*(ii)*	**–**	20,000
Lease liabilities:			
Haikou Pharmaceutical Factory Co., Ltd.		**27,943**	27,389

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

(ii) On 30 March 2019, the Company entered into a technology transfer and collaboration agreement with Suzhou Sinovent Pharmaceutical Technology Co., Ltd. ("**Suzhou Sinovent**"). Pursuant to the agreement, the Company agreed to acquire, and Suzhou Sinovent agreed to transfer, the techniques and applications of the BTK inhibitor. The total consideration of the agreement is RMB140 million, assuming that all the milestones described in the agreement have materialised. RMB40,000,000 was recognised in the statement of profit or loss for the year ended 31 December 2019 and had been paid by end of 30 June 2020.

13. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Short term employee benefits	**5,873**	2,785
Pension scheme contributions	**61**	36
Share-based payment	**34,903**	–
Total compensation paid to key management personnel	**40,837**	2,821

14. 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 the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. 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 Group invests in an unlisted investment, which represents a segregated portfolio of China Healthcare Fund. The Group has estimated the fair value of the unlisted investment based on the Group's share of the net asset value of the investment funds. The net asset value of the investment funds comprise mainly equities listed on the Hong Kong Stock Exchange, as well as the stock exchanges in the PRC and the United States. Therefore, management has determined that the net asset value of the investment funds represents the fair value as at the end of each reporting period.

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

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investment	Net asset value	Based on the net asset value of the segregated equity portfolio	HKD100.60 to HKD110.00 (31 December 2019: nil)	1% increase/ decrease in net asset value would result in increase/ decrease in fair value by 1% (31 December 2019: nil)

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 2020

	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 assets at fair value through profit or loss	–	–	**77,902**	**77,902**

The Group did not have any financial assets measured at fair value as at 31 December 2019.

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 2019: Nil).

15. IMPACT OF COVID-19

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

16. EVENTS AFTER THE REPORTING PERIOD

On 22 July 2020, the Company and D2M Biotherapeutics Limited ("**D2M**") entered into a research, development and commercialization agreement in respect of the Collaboration. The Company also entered into the Shares Purchase Agreement and the Shareholders' Agreement with D2M, among others, pursuant to which Ingenious Sino Limited, a wholly-owned subsidiary of the Company, shall purchase from D2M 27,780,000 Series Pre-A1 Preferred Shares, representing 38.17% of the immediate post-closing share percentage in D2M, at an aggregate purchase price of US$5,000,000. First tranche of US$2,500,000 was paid to D2M on 18 August 2020.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 24 August 2020.

USE OF PROCEEDS FROM LISTING

On 12 November 2019, Shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company raised net proceeds of HK$1,272.80 million.

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

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

Use of proceeds	**Planned applications** *(HK$ million)*	**Revised applications** *(HK$ million)*	**Actual utilisation up to 30 June 2020** *(HK$ million)*	**Unutilised net proceeds as at 30 June 2020** *(HK$ million)*	**Expected timeline for full utilisation of the unutilised net proceeds** *(Note 1)*
For the R&D and commercialization of our drug candidates					
For the R&D and commercialization of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; (ii) additional clinical trials to be initiated in the PRC for additional indications; (iii) clinical trials in Australia and the United States; and (iv) NDA registration filings and the commercial launch of SM03	190.9	190.9	47.9	143.0	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	318.2	279.4	45.5	233.9	By the end of 2023
To further advance our R&D programmes, expand our R&D team, build our commercialization team, develop our proprietary technology and enhance our full-spectrum platform	42.4	42.4	–	42.4	By the end of 2021
For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio	84.9	84.9	49.5	35.4	N/A *(Note 2)*
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	85.8	1.2	84.6	By the end of 2021
For the purchase of manufacturing equipment, primarily for the production of SM03	59.7	59.7	–	59.7	By the end of 2021

Use of proceeds	Planned applications *(HK$ million)*	Revised applications *(HK$ million)*	Actual utilisation up to 30 June 2020 *(HK$ million)*	Unutilised net proceeds as at 30 June 2020 *(HK$ million)*	Expected timeline for full utilisation of the unutilised net proceeds *(Note 1)*
For the construction of the Suzhou production base					
For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of rheumatoid arthritis, systemic lupus erythematosus, non-Hodgkin's lymphoma and other potential indications, R&D of SM03 at commercialization to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline	107.6	107.6	–	107.6	By the end of 2022
For the construction of an upstream production facility and downstream purification facility	88.2	88.2	–	88.2	By the end of 2022
For the purchase of land from the Suzhou Dushu Lake Higher Education Town and other expenses related to the expansion of our Suzhou production base	167.9	167.9	19.3	148.6	By the end of 2020
For our working capital, expanding internal capabilities and other general corporate purposes	127.2	127.2	91.5	35.7	N/A
Collaboration with D2M Group	–	38.8	–	38.8	By the end of 2023
Total	1,272.8	1,272.8	254.9	1,017.9	

Notes:

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

(2) 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 revised applications.

SHARE INCENTIVES

A restricted share unit scheme (the "**Scheme**") was conditionally adopted by the Shareholders on 18 October 2019, with effect from 12 November 2019. The Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). On 5 March 2020, the Company appointed Computershare Hong Kong Investor Services Limited to manage the Scheme.

The Company may grant restricted share units ("**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.

An award of RSUs gives a participant in the 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 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 Scheme at its discretion.

The grant and vesting of any RSUs, which may be granted pursuant to the 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 Scheme, including the date of grant, number of Shares involved and the vesting period, and comply with Chapter 14A of the Listing Rules.

Further details of the Scheme are set out in the 2019 annual report of the Company.

On 5 June 2020, the Company granted 10,062,404 RSUs under the 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.

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

As at 30 June 2020, 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 required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be 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]
Dr. Shui On LEUNG[3]	Interest in a controlled corporation	338,075,156	33.60%
Ms. Wenyi LIU[4]	Interest in a controlled corporation and interest of spouse	254,221,040	25.26%
Mr. Huiyuan MA[5]	Interest of spouse	338,075,156	33.60%
Mr. Jing QIANG[6]	Interest of spouse and interest in a controlled corporation	254,221,040	25.26%

Notes:

(1) All interests stated are long positions.

(2) As at 30 June 2020, the Company had 1,006,240,400 issued Shares.

(3) As at 30 June 2020, these Shares were held by Skytech Technology, which is wholly owned by Dr. Leung under the SFO and pursuant to the Concert Party Agreement. Dr. Leung is deemed to be interested in these Shares.

(4) As at 30 June 2020, 212,889,400 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 41,331,640 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 41,331,640 Shares for the purposes of the SFO.

(5) As at 30 June 2020, these Shares were held by Mr. Ma's spouse, Ms. Huimin TIAN, through Forbest Capital Investment Group Limited (致譽投資集團有限公司), in which Mr. Ma is deemed to be interested for the purposes of the SFO.

(6) Mr. Qiang is the spouse of Ms. Wenyi LIU who is deemed to have an interest in 212,889,400 Shares for the purpose of the SFO. The interest in the other 41,331,640 Shares were held by Grogene Technology Limited, which is wholly owned by Mr. Qiang.

Save as disclosed above, as at 30 June 2020, 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 Stock Exchange pursuant to the Model Code.

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

As at 30 June 2020, 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 fall to be 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]
Skytech Technology[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
For Best Holding Capital Group Investment Inc. [3][4]	Interest in a controlled corporation	338,075,156	33.60%
Forbest Capital Investment Group Limited[3][4]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Dr. Ka Wa Benny CHEUNG[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Mr. Kwan Yeung LEE[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Dr. Kwan Yin SIU[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Ms. Huimin TIAN[4]	Interest in a controlled corporation	338,075,156	33.60%
Ms. Chau Yin Janet TSUI[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Mr. Kang WENG[4]	Interest in a controlled corporation	338,075,156	33.60%
Mr. Guolin XU[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Dr. Ming Hon YAU[3]	Interest of a party to an agreement regarding interest in the Company	338,075,156	33.60%
Apricot Capital (上海杏澤投資管理有限公司) [5][6][7]	Interest in a controlled corporation	212,889,400	21.16%
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	212,889,400	21.16%
Hainan Haiyao Co., Ltd.* (海南海藥股份有限公司)	Beneficial interest	152,040,200	15.11%
Apricot Oversea Holdings Limited[5]	Beneficial interest	108,316,600	10.76%
West Biolake Holdings Limited[6]	Beneficial interest	72,349,000	7.19%
Yunnan Baiyao Group Co., Ltd* (雲南白藥集團股份有限公司)	Beneficial interest	51,599,400	5.13%

* *For identification purpose only*

Notes:

(1) All interests stated are long positions.

(2) As at 30 June 2020, the Company had 1,006,240,400 issued Shares.

(3) Pursuant to the Concert Party Agreement.

(4) As at 30 June 2020, Forbest Capital Investment Group Limited was wholly held by For Best Holding Capital Group Investment Inc. which was held by Ms. Huimin TIAN and Mr. Kang WENG as to 90% and 10%, respectively. Under the SFO and pursuant to the Concert Party Agreement, each of Ms. Tian and Mr. Weng is deemed to be interested in the Shares held by Forbest Capital Investment Group Limited.

(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 9.26% and 1.51% of the issued Shares as at 30 June 2020, 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.

(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 1.31% of the issued Shares as at 30 June 2020. Le Rong Limited and Zliverland Holdings Limited are the overseas holding platforms of Xingze Xingzhan, holding as to approximately 1.09% and 0.80% of the issued Shares as at 30 June 2020, 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 2020. Zuohe Investment was owned by Ms. Liu and an independent third party as to 51% and 49% as at 30 June 2020, 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.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any other person or corporation having an interest or short position in 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 2020 and up to the date of this interim report are set out as below:

Name of Director	Details of changes
Executive Directors:	
Dr. Shui On LEUNG	• Entitled to an annual remuneration of HK$4,600,000 based on services rendered to the Group, commencing from January 2020. (Note (i))
	• Note (ii)
Mr. Jing QIANG	• Note (ii)
Independent Non-Executive Directors:	
Mr. George William Hunter CAUTHERLEY	• Note (iii)
Mr. Michael James Connolly HOGAN	• Appointed as the co-chair of Finance, Legal and Tax Committee of the Australian Chamber of Commerce in Hong Kong, with effect from 20 June 2020.
	• Note (iii)
Mr. Ping Cho Terence HON	• Note (iii)
Mr. Dylan Carlo TINKER	• Note (iii)

Notes:

(i) An executive Director is also entitled to bonuses and other related employee benefits and allowances for the executive role in the Group, and is not entitled to any fees in acting as a Director of the Company.

(ii) During the Reporting Period, each executive Director is entitled to a one-off bonus of HK$1.0 million.

(iii) Each independent non-executive Director is entitled to Directors' fee in the amount of HK$300,000 per annum in acting as a Director of the Company with effect from 1 January 2020.

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 has 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 ("**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 2020, except for code provision A.2.1 as explained below.

Chairman and Chief Executive Officer

Code provision A.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 the 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 other Directors are aware of and have undertaken to fulfill their fiduciary duties as Directors, which require, amongst other things, that they act for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is protected by the operations of the Board, which consists of two executive Directors (being Dr. Leung and Mr. Jing QIANG), 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 A.2.1 of the CG Code is appropriate in such circumstances.

REVIEW OF RESULTS

The Audit Committee currently comprises four independent non-executive Directors being Mr. Ping Cho Terence HON, Mr. George William Hunter CAUTHERLEY, Mr. Michael James Connolly HOGAN and Mr. Dylan Carlo TINKER. Mr. George William Hunter CAUTHERLEY was appointed as a member of the Audit Committee with effect from 1 April 2020.

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 16 of this interim report.

Definitions

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Company" or "our Company"	SinoMab BioScience Limited (中國抗體製藥有限公司), a company incorporated in Hong Kong on April 27, 2001 with limited liability
"Concert Group"	Skytech Technology, Forbest Capital Investment Group Limited (致譽投資集團有限公司), Dr. Ka Wa Benny CHEUNG, Mr. Kwan Yeung LEE, Dr. Kwan Yin SIU, Ms. Chau Yin Janet TSUI, Mr. Guolin XU and Dr. Ming Hon YAU
"Concert Party Agreement"	the agreement entered into among the Concert Group on 30 October 2017, pursuant to which the Concert Group has undertaken to, among other things, vote unanimously for any resolutions proposed at Board meetings and Shareholder meetings (as applicable) of the Company and has confirmed that its members have acted in concert in respect of their equity interests in the Company since the date they joined the Company as a shareholder or director (as applicable) and up until the end of three years after 12 November 2019
"connected person"	has the meaning ascribed to it under the Listing Rules
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"FDA"	the United States Food and Drug Administration
"GMP"	Good Manufacturing Practice
"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
"PCT"	Patent Cooperation Treaty
"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 2020
"RMB" or "Renminbi"	the lawful currency of the PRC
"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

Definitions

"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)
"Suzhou Sinovent"	Suzhou Sinovent Pharmaceutical Technology Co., Ltd.* (蘇州信諾維醫藥科技有限公司), a connected person of the Company
"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

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