RemeGen
荣昌生物

榮昌生物製藥(煙台)股份有限公司
RemeGen Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 9995

2021
Interim Report

* For identification purpose only

CONTENT

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wang Weidong (王威東) *(Chairman)*
Dr. Fang Jianmin (房健民)
Dr. He Ruyi (何如意)
Mr. Lin Jian (林健)

NON-EXECUTIVE DIRECTORS

Dr. Wang Liqiang (王荔強)
Dr. Su Xiaodi (蘇曉迪)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yu Shanshan (于珊珊)
Mr. Hao Xianjing (郝先經)
Dr. Ma Lan (馬蘭)

SUPERVISORS

Mr. Ren Guangke (任廣科) *(Chairperson)*
Mr. Li Yupeng (李宇鵬)
Mr. Li Zhuanglin (李壯林)

AUDIT COMMITTEE

Mr. Hao Xianjing (郝先經) *(Chairman)*
Ms. Yu Shanshan (于珊珊)
Dr. Wang Liqiang (王荔強)

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Yu Shanshan (于珊珊) *(Chairwoman)*
Mr. Hao Xianjing (郝先經)
Mr. Lin Jian (林健)

NOMINATION COMMITTEE

Mr. Wang Weidong (王威東) *(Chairman)*
Mr. Hao Xianjing (郝先經)
Ms. Yu Shanshan (于珊珊)

STRATEGY COMMITTEE

Dr. Fang Jianmin (房健民) *(Chairman)*
Mr. Wang Weidong (王威東)
Dr. He Ruyi (何如意)
Dr. Wang Liqiang (王荔強)
Dr. Su Xiaodi (蘇曉迪)

JOINT COMPANY SECRETARIES

Mr. Li Jia (李嘉)
Ms. Tam Pak Yu, Vivien (譚栢如)

AUTHORIZED REPRESENTATIVES

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Ms. Tam Pak Yu, Vivien (譚栢如)

AUDITOR

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Yantai, Shandong Province
PRC

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STOCK CODE

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COMPANY WEBSITE

www.remegen.com

FINANCIAL SUMMARY

	As at June 30, 2021 (Unaudited) RMB'000	As at December 31, 2020 (Audited) RMB'000
Total assets	**3,494,813**	4,117,691
Total liabilities	**555,013**	523,070
Total equity	**2,939,800**	3,594,621

	Six months ended June 30,	
	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
REVENUE	**29,192**	–
Cost of sales	**(4,640)**	–
Gross profit	**24,552**	–
Other income and gains	**32,450**	19,508
Selling and distribution expenses	**(60,892)**	(4,504)
Administrative expenses	**(98,620)**	(58,672)
Research and development costs	**(326,604)**	(188,242)
Impairment losses on financial assets, net	**(225)**	(113)
Other expenses	**(12,234)**	(1,955)
Finance costs	**(2,470)**	(15,857)
LOSS BEFORE TAX	**(444,043)**	(249,835)

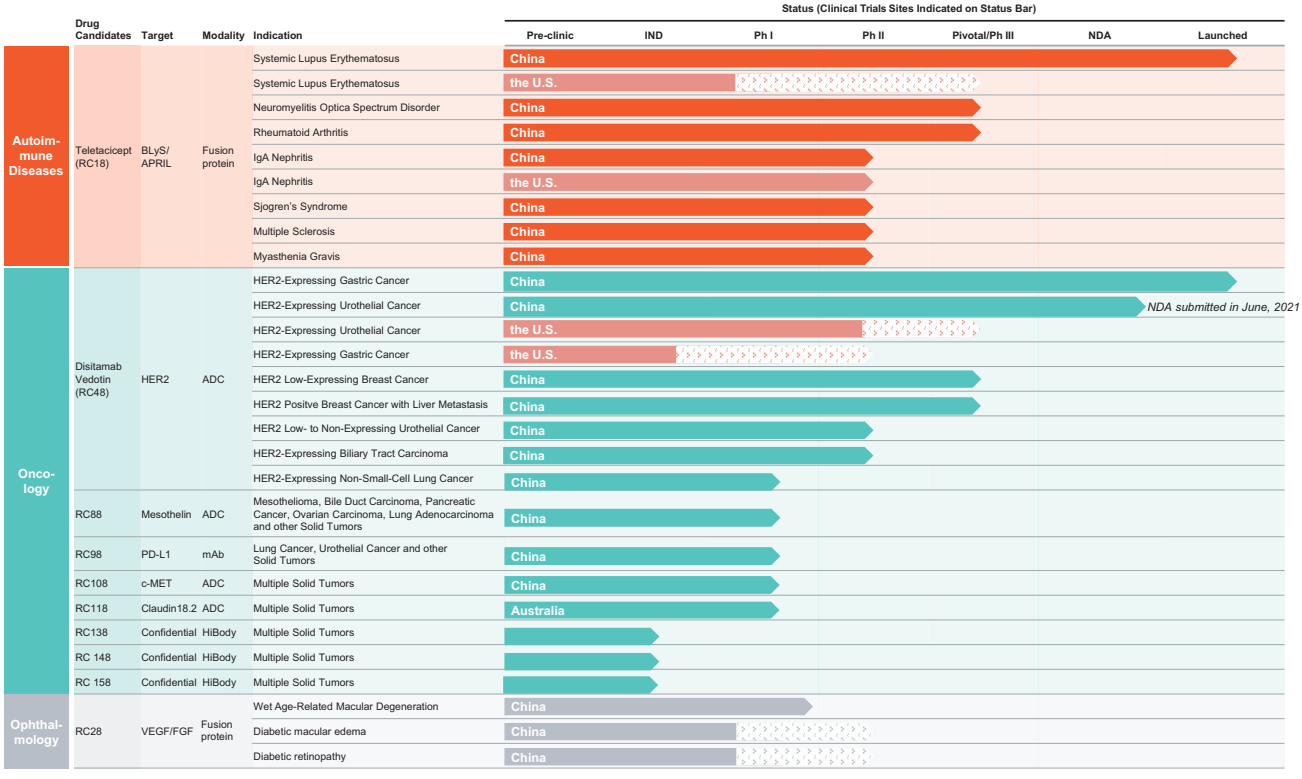
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a fully-intergrated biopharmaceutical company committed to the discovery, development and commercialization of innovative and differentiated biologics for the treatment of autoimmune, oncology and ophthalmic diseases with unmet medical needs in China and globally. Our vision is to become a leading player in the global biopharmaceutical industry. Since our inception in 2008, we have been dedicated to the research and development of biologics with novel targets, innovative design and breakthrough potential to address global unmet clinical needs. Through more than ten years of efforts, we have built fully-integrated, end-to-end therapeutics development capabilities encompassing all the key biologic drug development functionalities, including discovery, preclinical pharmacology, process and quality development, clinical development, and manufacturing in compliance with global good manufacturing practice (GMP). Leveraging our strong research and development platforms, we have discovered and developed a robust pipeline of more than ten drug candidates. Among our drug candidates, seven are in clinical development stage targeting over 20 indications. Two of our clinical-stage candidates, telitacicept (RC18) and disitamab vedotin (RC48), are in clinical trials targeting 14 indications in China and the United States. Our new drug application (NDA) for telitacicept in China for systemic lupus erythematosus (SLE) was accepted by the National Medical Products Administration of the PRC (NMPA) in November 2019 and we obtained conditional marketing approval in March 2021. Our NDA for disitamab vedotin (RC48) for the treatment of gastric cancer (GC) in China has been granted priority review by the NMPA in August 2020 and was approved for marketing in June 2021.

RICH PRODUCT PIPELINE

The following chart illustrates our product pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of June 30, 2021:



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period and up to the date of this report, the Group has made the following significant progress:

Telitacicept (RC18)

– Telitacicept is our proprietary novel fusion protein for treating autoimmune diseases. It is constructed with the extracellular domain of the human transmembrane activator and calcium modulator and cyclophilin ligand interactor (TACI) receptor and the fragment crystallizable (Fc) domain of human immunoglobulin G (IgG). Telitacicept targets two cell-signaling molecules critical for B-lymphocyte development: B-cell lymphocyte stimulator (BLyS) and a proliferation inducing ligand (APRIL), which allows it to effectively reduce B-cell mediated autoimmune responses that are implicated in several autoimmune diseases.

– Telitacicept received conditional marketing approval to treat systemic lupus erythematosus (SLE) by the NMPA in March 2021. In addition, we are currently evaluating telitacicept in several late-stage clinical trials in order to explore its potential to address seven autoimmune diseases, in an attempt to address the significant unmet or underserved medical needs in this therapeutic area.

  o SLE

    ■ *China:* On March 11, 2021, we were granted conditional marketing approval by the NMPA. Based on the completed Phase IIb registrational clinical trial in China, we have initiated a Phase III confirmatory clinical trial in China in July 2019. Patient enrollment of the Phase III confirmatory clinical trial was completed in the first half of 2021.

    ■ *United States:* The U.S. Food and Drug Administration (FDA) has cleared our Phase II investigational new drug (IND) application for telitacicept in August 2019. We held an end-of-Phase II clinical meeting with the FDA in January 2020 when the FDA reviewed the drug candidate's positive data from our trials in China and discussed the design for the Phase III clinical trial. Based on this meeting, the FDA allowed us to conduct the Phase III clinical study of telitacicept for the treatment of SLE in the United States. In April 2020, the FDA granted fast track designation to telitacicept, which could expedite the review and potential approval process with the FDA.

  o Immunoglobulin A Nephropathy (IgAN)

    ■ *China:* We are conducting a randomized, double-blind and placebo-controlled Phase II clinical trial to evaluate the efficacy and safety of telitacicept in IgAN patients. Patient enrollment was completed as of December 31, 2020, with a total enrollment of 44 patients. We have obtained the preliminary clinical data in August 2021 and plan to launch further clinical studies in China.

    ■ *United States:* Telitacicept was approved by the FDA to conduct a Phase II clinical trial for the treatment of IgAN indication in the United States in December 2020. It is expected that we would enroll the first patient in the fourth quarter of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

- Sjögren's syndrome (SS): We are conducting a randomized, double-blind and placebo controlled Phase II clinical trial in China. Patient enrollment was completed as of December 31, 2020. We expect to obtain preliminary results in the fourth quarter of 2021.

- Neuromyelitis optica spectrum disorder (NMOSD): We are conducting a randomized, double-blind and placebo-controlled Phase III clinical trial to evaluate the efficacy and safety of telitacicept for the treatment of NMOSD in China. We initiated the Phase III clinical trial in September 2017 and enrolled the first patient in January 2018. As of June 30, 2021, we have enrolled 125 patients.

- Rheumatoid Arthritis (RA): We are conducting a multi-center, double-blind and placebo-controlled Phase III trial in China. We have enrolled 360 patients in this trial as of June 30, 2021. We expect to complete patient enrollment by early 2022.

- Other indications: In addition to the indications described above, we are also evaluating telitacicept for two other hard-to-treat autoimmune diseases, namely multiple sclerosis (MS) and myasthenia gravis (MG). We have enrolled 1 patient in Phase II clinical trial of multiple sclerosis as of June 30, 2021. We have enrolled 24 patients in Phase II clinical trial of myasthenia gravis as of June 30, 2021.

– Leveraging our experience in developing telitacicept for SLE globally, we will continue to explore the global path of approval and commercialization for the treatment of other autoimmune diseases. We intend to prioritize indications with high unmet medical needs and sizeable addressable patient population in the global market, such as IgAN and Sjögren's syndrome (SS), or indications for which telitacicept has the potential to be the first biologic therapy.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the telitacicept (RC18) will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Disitamab vedotin (RC48)

– Disitamab vedotin is our leading antibody-drug conjugate (ADC) product candidate and is the first domestic ADC to have received NDA approval. Disitamab vedotin is a novel ADC independently developed by us to treat human epidermal growth factor receptor 2 (HER2) expressing (including low-expressing) solid tumors. Disitamab vedotin is currently being studied in multiple late-stage clinical trials in China targeting a variety of solid tumor types. In two Phase II clinical trials in China, disitamab vedotin has demonstrated promising efficacy in patients with HER2-expressing advanced or metastatic gastric cancer (GC) and urothelial cancer (UC), and has also proved its potential as treatment for HER2-expressing (including low-expressing) breast cancer (BC).

– In August 2021, we have entered into an exclusive worldwide license agreement with Seagen Inc. and granted Seagen Inc. a license to develop and commercialize disitamab vedotin in countries outside of Asia (except Japan and Singapore).

MANAGEMENT DISCUSSION AND ANALYSIS

– We have been developing disitamab vedotin for a variety of HER2-expressing cancer types. Currently, we are strategically focused on clinical investigation of disitamab vedotin for GC, UC and BC, which suggest particularly significant unmet medical needs. We are also exploring the efficacy of disitamab vedotin in other prevalent cancer types with HER2 expression, such as non-small cell lung cancer (NSCLC) and biliary tract cancer (BTC).

  o GC

    ■ We were granted conditional marketing approval by the National Medical Products Administration of the PRC(NMPA) on June 9, 2021. Based on the completed Phase II critical clinical trial in China, we have initiated a Phase III confirmatory clinical trial in China in October 2020. We have enrolled 6 patients in the Phase III confirmatory clinical trial as of June 30, 2021.

  o UC

    ■ *China:* The NMPA accepted the NDA for disitamab vedotin for the treatment of HER2 expressing locally advanced or metastatic urothelial cancer on July 14, 2021.

    ■ *United States:* We have obtained FDA's approval for the IND application for a Phase II clinical trial in UC in April 2020. In July 2020 and September 2020, the FDA granted disitamab vedotin fast track designation and breakthrough therapy designation for UC, respectively. Together with our partner Seagen Inc., we plan to launch the Phase II trial in the United States later this year.

  o BC: Disitamab vedotin has been granted breakthrough therapy designation by the NMPA for the treatment of HER2 positive advanced breast cancer with liver metastasis patients previously treated with trastuzumab and taxane on June 28, 2021. The Company is currently conducting Phase III clinical trial for this indication in China. At the same time, as we have observed preliminary efficacy of disitamab vedotin in patients with low-level HER2 expression, we have also initiated a Phase III clinical trial of disitamab vedotin in patients with HER2 low-expressing (IHC 2+ and FISH–) BC. We have enrolled 69 patients as of June 30, 2021.

  o NSCLC: We are conducting an open-label Phase Ib clinical trial to evaluate disitamab vedotin as monotherapy for the treatment of HER2 over-expressing (IHC 2+ or IHC 3+) or HER2 mutant NSCLC in China. We have enrolled 35 patients as of June 30, 2021.

  o BTC: We are conducting a multi-center, single-arm and open-label Phase II clinical trial to evaluate disitamab vedotin as monotherapy in the patients with HER2 over-expressing (IHC 2+ or IHC 3+) BTC post to the failure of first-line chemotherapy in China. We have enrolled 11 patients in this trial as of June 30, 2021.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the disitamab vedotin (RC48) will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

RC28

– RC28 is an innovative fusion protein targeting both vascular endothelial growth factor (VEGF) and fibroblast growth factor (FGF). We are evaluating, and plan to evaluate, RC28 in clinical studies for several ophthalmic diseases, including wet age-related macular degeneration (wAMD), diabetic macular edema (DME) and diabetic retinopathy (DR). In the Phase I clinical trial, no safety concerns were detected for up to 2.0mg injection of RC28 in wAMD patients.

  o wAMD: Currently, we are conducting an open-label, single-arm Phase Ib dose-expansion trial to evaluate the efficacy and safety of RC28 in the patients with wAMD. We have completed enrollment of a total of 37 patients as of October 27, 2020. We expect to receive preliminary data by early 2022.

  o DME: Currently, we are conducting a multi-center, randomized and positive-controlled Phase II clinical trial. We have enrolled 7 patients as of June 30, 2021.

  o DR: Currently, we are conducting a multi-center, randomized and positive-controlled Phase II clinical trial. We have enrolled 1 patient as of June 30, 2021.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the RC28 will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Other Clinical-stage Drug Candidates

– RC88 is a novel mesothelin-targeting ADC that we developed for the treatment of solid tumors. It is currently in a Phase I clinical trial in patients with multiple advanced solid tumors, with a particular focus on pancreatic cancer, mesothelioma, bile duct carcinoma, ovarian carcinoma, gastric cancer, triple-negative breast cancer and lung adenocarcinoma. We have enrolled 12 patients in this trial as of June 30, 2021.

– RC98 is an innovative PD-L1 monoclonal antibody that we developed for the treatment of solid tumors. We obtained the IND approval for RC98 from the NMPA in July 2019 and we have initiated a Phase I clinical trial in patients with multiple advanced solid tumors, including but not limited to lung cancer and urothelial cancer. We have enrolled 8 patients as of June 30, 2021.

– RC108 is our third ADC product developed in-house that has entered into clinical research stage. It is a c-Met-targeted positive advanced solid tumors. c-Met is a receptor tyrosine kinase that, after binding with its ligand hepatocyte growth factor, activates a wide range of different cellular signaling pathways, including those involved in proliferation, motility, migration and invasion. c-Met is a well-characterized oncogene that is associated with poor prognosis in many solid tumor types. We have obtained clinical trail approval for this product by the NMPA in November 2020. Currently, we have initiated the Phase I clinical trial for c-Met positive advanced solid tumors in China. We have enrolled 3 patients as of June 30, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

– RC118 is the fourth ADC product that has entered into clinical research stage. It is targeted to treat Claudin18.2 positive patients with various types of solid tumors. It is composed of a recombinant humanized anti-Claudin18.2 monoclonal antibody and monomethyl auristatin E (MMAE), a potent tubulin binder with a maximal inhibitory concentration (IC50) in the subnanomolar range, as the cytotoxic payload, are conjugated to each other through a cathepsin cleavable linker, with optimized drug-antibody ratio. In July 2021, we have received an clinical approval from the Human Research Ethics Committee in Australia, and the Company will initiate the Phase I clinical trial in Claudin18.2-expressing positive patients with locally advanced unresectable or metastatic solid tumors.

– **Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the RC88, RC98, RC108 or RC118 will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Commercialization

We have established our sales and marketing department dedicated to the commercialization of our pipeline products. According to the indications of our products, we have established two independent sales teams in the areas of autoimmune diseases and oncology.

As of June 30, 2021, the initial sales team for autoimmune diseases has been established and consists of 130 members with rich experience in the commercialization of autoimmune therapeutic drugs.

As the first innovative dual-target biologics for SLE treatment in the world, telitacicept was approved for marketing by the NMPA in March 2021, and entered into sales. In the first half of 2021, telitacicept generated revenue of RMB29.2 million, covering 419 hospitals and over 650 patients in China. We expect to continue to expand this sales team after inclusion of this product in the National Reimbursement Drug List.

As of June 30, 2021, the initial sales team for oncology diseases also has been established and consists of 160 members with rich experience in the commercialization of oncology therapeutic drugs. Disitamab vedotin was approved for marketing on June 9, 2021, and entered into sales in July 2021. We expect to continue to expand this sales team after inclusion of this product in the National Reimbursement Drug List.

Leveraging the expertise and industry connections of our team, we will market the products primarily through a physician-targeted marketing strategy, focusing on direct and interactive communication with key opinion leaders and physicians in the respective therapeutic areas to promote the differentiating clinical aspects of our products. Such marketing efforts are expected to commence several months before the expected approval for the commercialization of a drug candidate. In preparation for the sales of telitacicept. For instance, we have identified a number of hospitals, clinics and physicians specialized in the treatment of SLE, and have started to visit the sites and physicians in person for pre-launch training and liaison.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY EVENTS AFTER THE REPORTING PERIOD

Entering Into License Agreement With Seagen Inc.

In August 2021, the Company has entered into an exclusive worldwide license agreement with Seagen Inc., a global leading biotechnology company (hereinafter referred to as "Seagen") to develop and commercialize disitamab vedotin. According to the license agreement, Seagen has obtained an exclusive license to develop and commercialize the anti-HER2 ADC disitamab vedotin (RC48, brand name: 爱地希®) in countries outside of Asia (except Japan and Singapore). The Company will receive upfront payment of US$200 million and up to US$2.4 billion in milestone payments. In addition, the Company is eligible to receive from Seagen a tiered royalties at percentages ranging from the high single digits to mid-teens on future cumulative net sales by Seagen of disitamab vedotin in Seagen Territory. The license agreement marks a major milestone in the Company's intention to transform from a domestic biopharmaceutical company to a global biopharmaceutical company. This is also an important validation and recognition of disitamab vedotin.

THE IMPACT OF COVID-19

The management of the Company expected that clinical trials in and outside mainland China will not be significantly affected by the outbreak of COVID-19. The Directors believe that, based on the information available as of the date of this report, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or a material impact on the financial position or financial performance of the Group. Due to the outbreak of COVID-19, we have taken various measures, including but not limited to reducing face-to-face meetings by means of telephone or video conferences; avoiding unnecessary travels and trips for interviews as well as providing face masks, hand sanitizers and other sanitation supplies.

FUTURE DEVELOPMENT

The Company is committed to becoming China's leading and world-class biopharmaceutical company to discover, develop, manufacture and commercialize first-in-class and best-in-class biopharmaceuticals to create clinical value, maximize shareholder benefits and provide patients with high-quality drugs to address unmet significant clinical needs worldwide in the major therapeutic areas of autoimmune diseases, oncology and ophthalmology.

During the first half of 2021, the Company has successfully transformed to a fully-integrated biopharmaceutical company with two of our products successfully launch in China. We will continue to expand our sales team and increase our sales effort to market telitacicept and disitamab vedotin in China. With our understanding of the Chinese market environment and the rich experience of our sales team personnel, we will formulate stable market access strategies to meet market demand. Furthermore, we will accelerate clinical trials for the expansion of the indications for both of these two products in both China and the United States. On the international front, we will step up our efforts for expansion in the international market. We expect to start a phase III clinical trial of telitacicept for the treatment of SLE and a phase II clinical trial for the treatment of IgAN in the United States in the second half of this year. At the same time, together with our partner Seagen, we plan to launch a phase II clinical trial of disitamab vedotin for the second-line treatment of HER2 over-expressing UC indications in the United States. In addition, we expect to complete the capacity expansion by the end of this year, with the production capacity of the manufacturing facilities to increase from the existing 12,000L disposable bag bioreactors to 36,000L.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

After obtaining the marketing approval for new drugs by the NMPA on March 11, 2021, the Group has commenced the commercialization of telitacicept in China. Before that, the Group has not commercialized any products and therefore no revenue generated from sales of products.

The Group's revenue increased to RMB29.2 million for the six months ended June 30, 2021. The increase was mainly due to RMB29.2 million product sales revenue recorded during the commercialization period of telitacicept in China. We expect that the revenue in the next few years will mainly generated from the sales of telitacicept and disitamab vedotin.

Other Income and Gains

The Group's other income and gains primarily consist of government grants, rental income, gains on sales of materials, and interest income.

Our other income and gains increased from RMB19.5 million for the six months ended June 30, 2020 to RMB32.5 million for the six months ended June 30, 2021, primarily due to an increase of RMB15.8 million in interest income generated from raised fund, and a decrease of RMB3.0 million of the realized government grants as compared with the same period last year.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly consist of employee benefits expenses and market development expenses.

Our selling and distribution expenses increased from RMB4.5 million for the six months ended June 30, 2020 to RMB60.9 million for the six months ended June 30, 2021, primarily due to the telitacicept obtained the marketing approval on March 11 and began commercial sales and disitamab vedotin obtained the marketing approval on June 9, the sales personnel was deployed to job sites to carry out various sales business activities, resulting in an increase in personnel costs, market development expenses, planning and consulting service fees, etc.

Administrative Expenses

The Group's administrative expenses mainly consist of employee benefits expenses, consulting service expenses, general office expenses, depreciation and amortization expenses and other administrative expenses.

Our administrative expenses increased from RMB58.7 million for the six months ended June 30, 2020 to RMB98.6 million for the six months ended June 30, 2021, primarily due to (i) an increase in employee benefits expenses of RMB33.4 million, mainly due to an increase in the number of employees, and an increase in their salaries and share-based compensation; (ii) an increase in general office expenses of RMB6.3 million, mainly due to an increase in entertainment expenses resulting from the increase in the number of our administrative employees, office expenses and our continuous efforts to develop our business; (iii) an increase in consulting service expenses of RMB3.2 million, mainly due to an increase in recruitment fees resulting from the Company's business development and the increase in new recruits; and (iv) an increase in depreciation and amortization and other expenses of RMB7.7 million, mainly due to the development and scale expansion of the Group, we have successively purchased a large number of office equipment, printers and other office fixed assets. At the same time, the third phase land was newly purchased in April 2020, resulting in an increase in depreciation and amortization.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Expenses

The Group's research and development expenses consist of employee benefits expenses, expenses for procuring raw materials used in the research and development, clinical trial expenses for our drug candidates, testing expenses for pre-clinical programs, depreciation and amortization expenses, utilities used for research and development activities, and other research and development expenses. Our research and development expenses increased from RMB188.2 million for the six months ended June 30, 2020 to RMB326.6 million for the six months ended June 30, 2021. The following table sets forth the components of our research and development expenses for the periods indicated.

	Six months ended June 30,			
	2021		2020	
	RMB'000 (Unaudited)	**%**	RMB'000 (Audited)	%
Employee benefits expenses	**99,101.2**	**30.3**	54,234.7	28.8
Raw material expenses	**68,642.0**	**21.0**	46,481.4	24.7
Clinical trial expenses	**45,935.5**	**14.1**	23,135.4	12.3
Testing expenses	**36,673.1**	**11.2**	10,808.3	5.7
Depreciation and amortization expenses	**39,821.1**	**12.2**	23,140.1	12.3
Utilities	**9,220.4**	**2.8**	8,449.8	4.5
Others	**27,211.1**	**8.4**	21,992.4	11.7
Total	**326,604.4**	**100.0**	188,242.1	100.0

(i) Employee benefits expenses increased by RMB44.9 million, mainly due to an increase in the number of research and development employees and an increase in staff salary levels;

(ii) Raw material expenses increased by RMB22.2 million, mainly due to the continuous development of drug candidates;

(iii) Clinical trial expenses increased by RMB22.8 million, mainly due to the continuous clinical development of drug candidates;

(iv) Testing expenses increased by RMB25.9 million, mainly due to the continuous development of drug candidates;

(v) Depreciation and amortization expenses increased by RMB16.7 million, mainly due to an increase in depreciation of right-of-use assets as a result of new leases of buildings;

(vi) Utilities increased by RMB0.8 million;

(vii) Other expenses increased by RMB5.2 million, mainly due to an increase of RMB3.0 million in purchasing external non-patented technology.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Impairment Losses on Financial Assets

The Group's net impairment losses on financial assets mainly consist of other receivables and the impairment losses in relation to receivables. For the six months ended June 30, 2020, we recorded the net impairment losses on financial assets of RMB0.1 million, while we recorded the net impairment losses on financial assets of RMB0.2 million for the six months ended June 30, 2021.

Other Expenses

The Group's other expenses primarily consist of (i) rental related expenses relating to the leases of our facilities to related parties; (ii) expenses incurred for sales of materials; (iii) losses from changes in foreign currency exchange rates; and (iv) other expenses including our donation to charities and the donation expenses of telitacicept. Our other expenses increased from RMB2.0 million for the six months ended June 30, 2020 to RMB12.2 million for the six months ended June 30, 2021, mainly due to the increase in losses from changes in foreign currency exchange rates of RMB5.7 million, and RMB4.4 million of the donation expenses of telitacicept.

Finance Costs

The Group's finance costs mainly consist of interest on borrowings from a related party, interest on bank borrowings and interest on lease liabilities. Our financial costs decreased from RMB15.9 million for the six months ended June 30, 2020 to RMB2.5 million for the six months ended June 30, 2021, mainly due to the interest on the related party loan of RMB14.2 million in the same period last year, which has been repaid in 2020.

Income Tax Expenses

For the six months ended June 30, 2020 and 2021, the Group's income tax expenses were nil.

Loss for the Period

Based on the factors described above, the Group's loss for the period increased from RMB249.8 million for the six months ended June 30, 2020 to RMB444.0 million for the six months ended June 30, 2021.

Liquidity and Financial Resources

We have incurred net losses and negative cash flows from operations since inception. Our primary use of cash is to fund research and development expenses. For the six months ended June 30, 2021, our net cash used in operating activities was RMB525.1 million. Our cash and cash equivalents decreased from RMB2,768.5 million as of December 31, 2020 to RMB1,534.0 million as of June 30, 2021, primarily due to expenses of operation activities such as the Company's daily research and development and funds used in industrial project construction.

Loans and Gearing Ratio

As of June 30, 2021, the Group's interest-bearing bank and other borrowings were nil.

The gearing ratio is calculated using the Group's liabilities divided by its assets. As of June 30, 2021, the Group's gearing ratio was 15.9 % (December 31, 2020: 12.7%).

Significant Investments, Material Acquisitions and Disposal

The Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plan for Material Investments or Capital Assets

Save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any existing plan for acquiring other material investments or capital assets.

Capital Commitments

For the six months ended June 30, 2020 and 2021, the Group had capital commitments contracted for but not yet provided of RMB1,035.4 million and RMB812.5 million, respectively, primarily in connection with (i) contracts entered with contractors for the construction of our new manufacturing facilities; and (ii) contracts entered with suppliers for the purchase of equipment.

Pledge of Assets

As at June 30, 2021, (i) certain of the Group's buildings with a net carrying amount of approximately RMB126.8 million (December 31, 2020: RMB128.7 million), the corresponding land use right with a net carrying amount of approximately RMB5.4 million (December 31, 2020: RMB5.4 million) and certain of the Group's machinery with a net carrying amount of approximately RMB69.3 million (December 31, 2020: RMB73.7 million), were pledged to secure banking line of credit granted to the Group; (ii) the Group had bank balances of RMB100.5 million (December 31, 2020: RMB40.1 million) were pledged for office lease and margin, certain of the construction in progress with a net carrying amount of approximately RMB396.4 million (December 31, 2020: RMB227.3 million) and the corresponding land use right with a net carrying amount of approximately RMB4.6 million (December 31, 2020: RMB4.7 million) were pledged for the letter of guarantee of Yantai Bank Co., Ltd. Yantai Development District Branch.

Contingent Liabilities

As of June 30, 2021, the Group did not have any contingent liabilities.

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but our assets such as certain of our cash and cash equivalents and time deposits are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As of June 30, 2021, the Group had a total of 1,735 employees. The total remuneration cost for the six months ended June 30, 2021 was RMB199.3 million, as compared to RMB84.2 million for the six months ended June 30, 2020, primarily due to an increase in the number of employees, and an increase in their salaries and an increase in share-based compensation.

To maintain the quality, knowledge and skill levels of our employees, the Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. The Group also provides trainings programs for our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees in accordance with applicable PRC laws.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The Company's Shares were listed on the Stock Exchange on the Listing Date with a total of 88,017,500 offer shares (including the Shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised during the Global Offering (including the exercise of the over-allotment option) were approximately HK$4,444.2 million (equivalent to approximately RMB3,784.5 million). Save as disclosed in this report, there was no change in the intended use of net proceeds as previously disclosed in the Prospectus, and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes based on actual business needs.

As at June 30, 2021, approximately RMB2,153.65 million of the net proceeds of the Global Offering had been utilised as follows:

	Allocation of net proceeds from the Global Offering (RMB million)	Utilised amount as at December 31, 2020 (RMB million)	Utilised amount during the Reporting Period (RMB million)	Utilised amount as at June 30, 2021 (RMB million)	Unutilised amount as at June 30, 2021 (RMB million)
Clinical trials of telitacicept (RC18)	567.68	50.57	92.20	142.77	424.91
Clinical trials of disitamab vedotin (RC48)	567.68	55.80	136.56	192.36	375.32
Clinical trials of RC28	189.22	5.23	44.36	49.59	139.63
Development of RC88 and RC98, as well as early-stage drug discovery and development	567.68	62.77	303.92	366.69	200.99
Construction of new manufacturing facility to expand commercial manufacturing capacity	946.13	179.20	358.74	537.94	408.19
Repayment of the borrowings from RC Pharma	567.68	485.85	–	485.85	81.83 (Note 1)
General corporate and working capital purposes	378.45	184.64	193.81	378.45	–
Total	3,784.52	1,024.06	1,129.59	2,153.65	1,630.87 (Note 2)

Notes:

(1) As the Company had used RMB485.85 million to fully repay the borrowings from RC Pharma, in order to enhance the efficiency and effectiveness of the use of capital and to take into account the market conditions and the Company's business needs, the Company intends to use the remaining RMB81.83 million of the proceeds from the Global Offering originally used to repay the borrowings from RC Pharma for general corporate and working capital.

(2) All remaining unutilised net proceeds is expected to be fully utilized by December 31, 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2021, the interests and short positions of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Mr. Wang Weidong[3]	Domestic Shares	Interests of controlled corporation	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests of controlled corporation	11,683,725 (L)	6.16%	2.39%
	H Shares	Interests held jointly with another person	65,818,320 (L)	34.72%	13.44%
Dr. Fang Jianmin[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	11,683,725 (L)	6.16%	2.39%
	H Shares	Beneficial owner	26,218,320 (L)	13.83%	5.35%
	H Shares	Interests of controlled corporation	39,600,000 (L)	20.89%	8.08%
Dr. Wang Liqiang[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Mr. Lin Jian[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%

OTHER INFORMATION

Notes:

(1) The letter "L" stands for long position.

(2) The calculation is based on percentage of shareholding in a total of 489,836,702 Shares, which consists of 189,581,239 H Shares, 230,248,596 Domestic Shares and 70,006,867 Unlisted Foreign Shares as at June 30, 2021.

(3) As at June 30, 2021, each of Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)) ("Rongda"), Yantai Rongqian Enterprise Management Center (Limited Partnership) (煙台榮謙企業管理中心(有限合夥)) ("Rongqian"), Yantai Rongshi Enterprise Management Center (Limited Partnership) (煙台榮實企業管理中心(有限合夥)) ("Rongshi"), Yantai Rongyi Enterprise Management Center (Limited Partnership) (煙台榮益企業管理中心(有限合夥)) ("Rongyi"), Yantai Rongjian Enterprise Management Center (Limited Partnership) (煙台榮建企業管理中心(有限合夥)) ("Rongjian") was a limited partnership established in the PRC. Each of Rongqian, Rongshi, Rongyi and Rongjian is an employee incentive platform and held 18,507,388, 9,190,203, 16,630,337 and 2,163,655 Domestic Shares in our Company, respectively. Mr. Wang is the executive partner of each of Rongda, Rongqian, Rongshi, Rongyi and Rongjian. As such, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Rongda, Rongqian, Rongshi, Rongyi and Rongjian.

Further, as at June 30, 2021, RongChang Holding Group LTD. was a company incorporated in the British Virgin Islands. Mr. Wang was the sole director of RongChang Holding Group LTD. and RongChang Holding Group LTD. is accustomed to act in accordance with Mr. Wang's instructions. As such, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by RongChang Holding Group LTD.

As at June 30, 2021, I-NOVA Limited was a company incorporated in the British Virgin Islands and was wholly-owned by Dr. Fang. As such, under the SFO, Dr. Fang is deemed to be interested in the equity interests held by I-NOVA Limited.

On April 16, 2020, Mr. Wang, Dr. Fang, Mr. Lin Jian, Dr. Wang Liqiang, Mr. Wang Xudong, Mr. Deng Yong, Mr. Xiong Xiaobin, Mr. Wen Qingkai, Ms. Yang Minhua, Mr. Wei Jianliang, Rongda, RongChang Holding LTD. and I-NOVA Limited entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

Save as disclosed above, as at June 30, 2021, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at June 30, 2021, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director, Supervisor or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥))[3]	Domestic Shares	Interests held jointly with another person	46,491,583 (L)	20.19%	9.49%
	Domestic Shares	Beneficial owner	102,381,891 (L)	44.47%	20.90%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Yantai Rongqian Enterprise Management Center Limited Partnership) (煙台榮謙企業管理中心(有限合夥))[3]	Domestic Shares	Beneficial owner	18,507,388 (L)	8.04%	3.78%
Yantai Rongyi Enterprise Management Center (Limited Partnership) (煙台榮益企業管理中心(有限合夥))[3]	Domestic Shares	Beneficial owner	16,630,337 (L)	7.22%	3.40%
RongChang Holding Group LTD.[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
I-NOVA Limited[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Beneficial owner	39,600,000 (L)	20.89%	8.08%
	H Shares	Interests held jointly with another person	37,902,045 (L)	19.99%	7.74%
Mr. Wang Xudong[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Mr. Deng Yong[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Mr. Xiong Xiaobin[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Mr. Wen Qingkai[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Ms. Yang Minhua[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%
Mr. Wei Jianliang[3]	Domestic Shares	Interests held jointly with another person	148,873,474 (L)	64.66%	30.39%
	H Shares	Interests held jointly with another person	77,502,045 (L)	40.88%	15.82%

OTHER INFORMATION

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Fund for the transformation of National Science and Technology Major Project (國投(上海)科技成果轉化創業投資基金企業(有限合夥)) ("SDIC Venture")[4]	Domestic Shares	Beneficial Owner	24,732,556 (L)	10.74%	5.05%
SDIC (Shanghai) Venture Capital Management Co., Ltd. (國投(上海) 創業投資管理有限公司)[4]	Domestic Shares	Interests of controlled corporation	24,732,556 (L)	10.74%	5.05%
SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司)[4]	Domestic Shares	Interests of controlled corporation	24,732,556 (L)	10.74%	5.05%
China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司)[4][5]	Domestic Shares	Interests of controlled corporation	35,285,870 (L)	15.33%	7.20%
State Development & Investment Corporation (國家開發投資集團有限公司)[4][5]	Domestic Shares	Interests of controlled corporation	35,285,870 (L)	15.33%	7.20%
PAG Growth Prosperity Holding I (HK) Limited ("PAG I")[6]	Unlisted Foreign Shares	Beneficial owner	15,076,145 (L)	21.54%	3.08%
	H Shares		6,030,457 (L)	3.18%	1.23%
PAG Growth I LP[6]	Unlisted Foreign Shares	Interests of controlled corporation	15,400,762 (L)	22.00%	3.14%
	H Shares		7,708,071 (L)	4.07%	1.57%
Wholly Sunbeam Limited	Unlisted Foreign Shares	Beneficial owner	7,846,855 (L)	11.21%	1.60%
	H Shares		7,846,856 (L)	4.14%	1.60%
Mr. Zhu Hongtu[7]	Unlisted Foreign Shares	Interests of controlled corporation	7,846,855 (L)	11.21%	1.60%
	H Shares		7,846,856 (L)	4.14%	1.60%
RC-Biology Investment Ltd.	H Shares	Beneficial owner	10,818,262 (L)	5.71%	2.21%
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	Domestic Shares	Beneficial owner	12,813,478 (L)	5.57%	2.62%

OTHER INFORMATION

Notes:

(1) The letter "L" stands for long position.

(2) The calculation is based on percentage of shareholding in a total of 489,836,702 Shares, which consists of 189,581,239 H Shares, 230,248,596 Domestic Shares and 70,006,867 Unlisted Foreign Shares as at June 30, 2021.

(3) Please refer to the footnote (3) under the heading "DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above.

(4) SDIC Venture beneficially owns 24,732,556 Domestic Shares and is a limited partnership incorporated in the PRC, whose executive partner is SDIC (Shanghai) Venture Capital Management Co., Ltd. (國投 (上海)創業投資管理有限公司), a wholly-owned subsidiary of SDIC Venture Capital Management Co., Ltd. (國投創業投資管理有限公司), which is owned as to 40% by China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司).

China SDIC Gaoxin Industrial Investment Corp., Ltd. is a wholly-owned subsidiary of State Development & Investment Corporation (國家開發投資集團有限公司), a state-owned entity incorporated in the PRC.

As such, under the SFO, each of SDIC (Shanghai) Venture Capital Management Co., Ltd., SDIC Venture Capital Management Co., Ltd., China SDIC Gaoxin Industrial Investment Corp., Ltd. and State Development & Investment Corporation is deemed to be interested in the equity interests held by SDIC Venture.

(5) SDIC Chuanghe beneficially owns 7,538,084 Domestic Shares and is a limited partnership incorporated in the PRC, whose executive partner is SDIC Unity Capital Co., Ltd. (國投創合基金管理有限公司).

Hangzhou Chuanghe beneficially owns 3,015,230 Domestic Shares and is a limited partnership incorporated in the PRC, whose executive partner is SDIC Unity (Hangzhou) Start-up Investment Management Co., Ltd. (國投創合(杭州)創業投資管理有限公司), a wholly-owned subsidiary of SDIC Unity Capital Co., Ltd.

SDIC Unity Capital Co., Ltd. is owned as to 40% by State Development and Hi-tech Investment Corp. (國投高科技投資有限公司), a wholly-owned subsidiary of China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司). Please refer to footnote (4) for shareholding information of China SDIC Gaoxin Industrial Investment Corp., Ltd.

As such, under the SFO, each of SDIC Unity Capital Co., Ltd., State Development and Hi-tech Investment Corp. and China SDIC Gaoxin Industrial Investment Corp., Ltd. is deemed to be interested in the equity interests held by SDIC Chuanghe, and each of SDIC Unity (Hangzhou) Start-up Investment Management Co., Ltd. and SDIC Unity Capital Co., Ltd. is deemed to be interested in the equity interests held by Hangzhou Chuanghe.

(6) PAG I beneficially owns 15,076,145 Unlisted Foreign Shares and 6,030,457 H Shares, and is wholly-owned by PAG Growth Prosperity Holding I (Cayman) Limited, which is in turn wholly-owned by PAG Growth Prosperity Holding I Limited, a wholly-owned subsidiary of PAG Growth I LP. As such, under the SFO, each of PAG Growth Prosperity Holding I (Cayman) Limited, PAG Growth Prosperity Holding I Limited and PAG Growth I LP is deemed to be interested in the equity interests held by PAG I.

PAG Growth Holding IV (HK) Limited ("PAG IV") beneficially owns 324,617 Unlisted Foreign Shares and 1,677,614 H Shares, and is wholly-owned by PAG Growth Holding IV (Cayman) Limited, which is in turn wholly-owned by PAG Growth Holding IV Limited, a wholly-owned subsidiary of PAG Growth I LP. As such, under the SFO, each of PAG Growth Prosperity Holding IV (Cayman) Limited, PAG Growth Prosperity Holding IV Limited and PAG Growth I LP is deemed to be interested in the equity interests held by PAG IV.

(7) Wholly Sunbeam Limited beneficially owns 7,846,855 Unlisted Foreign Shares and 7,846,856 H Shares, and is wholly-owned by Mr. Zhu Hongtu (朱宏圖). As such, under the SFO, Mr. Zhu Hongtu is deemed to be interested in the equity interests held by Wholly Sunbeam Limited.

OTHER INFORMATION

Save as disclosed above, as at June 30, 2021, the Company had not been notified of any persons (other than a Director, Supervisor or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

THE FIRST H SHARE AWARD AND TRUST SCHEME

To attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, the Company has approved and adopted the First H Share Award and Trust Scheme by a resolution of its Shareholders on March 23, 2021 and a resolution of the Board on February 3, 2021. The H Share Scheme involves no issue of new shares or granting of option for any new securities of the Company. Thus, it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules. The H Share Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 7,347,550 H Shares. The Board or the delegatee may grant awards to selected participants during the award period conditional upon fulfilment of terms and conditions of the awards and performance targets as the Board or the delegatee determines from time to time. Eligible participant who may participate in the H Share Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director, senior management, key operating team member, employee, or, a consultant of the Group. For details of H Share Scheme, please refer to the announcement of the Company dated February 3, 2021 and the circular dated March 5, 2021. As at June 30, 2021, the Company has not granted awards to selected participants under the H Share Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended June 30, 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, Supervisors or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLETION OF THE H SHARE FULL CIRCULATION

On June 2, 2021, the Company completed the H share full circulation by converting the 71,232,362 unlisted shares into H shares and these shares were listed on the Stock Exchange on June 3, 2021. Under the H share full circulation, the Shareholders may circulate their Shares on hand for asset realization, further giving the Shareholders the motivation to promote the Company's development and hence improving the Company's performance. The H share full circulation enhances the liquidity of equity interests, which in turn increases the equity' values of the original Shareholders and enables a larger capability and higher flexibility in the management of the Company's market values, and thus improves the overall valuation level of the Company in the mid and long run. Upon the H Share full circulation, the liquidity of the Shareholders' existing shares will be enhanced. Market premium of such liquidity drives the Company's financing capabilities and, in particular, its long-term borrowing capacities.

OTHER INFORMATION

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in the CG Code, and has complied with all applicable code provisions during the six months ended June 30, 2021.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, each of them has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2021. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

REVIEW OF INTERIM REPORT

The independent auditor of the Company, namely, Ernst & Young, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company the accounting principles and policies adopted by the Group and the Group's financial reporting matters (including the review of the unaudited condensed consolidated interim results for the six months ended June 30, 2021). The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERIM DIVIDEND

The Board does not recommend any payment of an interim dividend for the Reporting Period.

By order of the Board of
RemeGen Co., Ltd.
Mr. Wang Weidong
Chairman and Executive Director

Yantai, the PRC, August 23, 2021

INDEPENDENT REVIEW REPORT

To the board of directors of RemeGen Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 52, which comprises the condensed consolidated statement of financial position of RemeGen Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 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 International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 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 IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
23 August 2021

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
REVENUE	5	**29,192**	–
Cost of sales		**(4,640)**	–
Gross profit		**24,552**	–
Other income and gains		**32,450**	19,508
Selling and distribution expenses		**(60,892)**	(4,504)
Administrative expenses		**(98,620)**	(58,672)
Research and development costs		**(326,604)**	(188,242)
Impairment losses on financial assets, net		**(225)**	(113)
Other expenses		**(12,234)**	(1,955)
Finance costs		**(2,470)**	(15,857)
LOSS BEFORE TAX	6	**(444,043)**	(249,835)
Income tax expense	7	**–**	–
LOSS FOR THE PERIOD		**(444,043)**	(249,835)
Attributable to:			
Owners of the parent		**(444,043)**	(249,835)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	9	**(0.91)**	N/A

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
LOSS FOR THE PERIOD	**(444,043)**	(249,835)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**56**	(1)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(1,420)**	540
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(1,364)**	539
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(445,407)**	(249,296)
Attributable to:		
Owners of the parent	**(445,407)**	(249,296)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**1,181,667**	802,568
Right-of-use assets		**171,173**	137,939
Other intangible assets	*11*	**9,502**	5,095
Equity investments designated at fair value through other comprehensive income		**11,014**	12,907
Pledged deposits	*12*	**571**	577
Other non-current assets	*13*	**146,481**	181,264
Total non-current assets		**1,520,408**	1,140,350
CURRENT ASSETS			
Inventories	*14*	**110,210**	66,204
Trade receivables	*15*	**1,410**	–
Bills receivable		**1,720**	–
Prepayments, other receivables and other assets	*16*	**225,570**	102,404
Pledged deposits	*12*	**101,497**	40,212
Cash and cash equivalents	*12*	**1,533,998**	2,768,521
Total current assets		**1,974,405**	2,977,341
CURRENT LIABILITIES			
Trade and bills payables	*17*	**128,022**	62,646
Other payables and accruals		**248,875**	211,320
Interest-bearing bank borrowings	*18*	**–**	108,124
Lease liabilities		**56,927**	42,990
Deferred income		**4,880**	6,208
Total current liabilities		**438,704**	431,288

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
NET CURRENT ASSETS		**1,535,701**	2,546,053
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,056,109**	3,686,403
NON-CURRENT LIABILITIES			
Lease liabilities		**68,915**	46,578
Deferred tax liabilities		**254**	727
Deferred income		**47,140**	44,477
Total non-current liabilities		**116,309**	91,782
Net assets		**2,939,800**	3,594,621
EQUITY			
Equity attributable to owners of the parent			
Share capital	*19*	**489,837**	489,837
Reserves		**2,449,963**	3,104,784
Total equity		**2,939,800**	3,594,621

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent							
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Other reserve RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2021 (Audited)	489,837	–	3,709,340	14,690	732	(270)	(619,708)	3,594,621
Loss for the period	–	–	–	–	–	–	(444,043)	(444,043)
Other comprehensive income/(loss) for the period:								
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(1,420)	–	–	(1,420)
Exchange differences on translation of foreign operations	–	–	–	–	–	56	–	56
Total comprehensive income/(loss) for the period	–	–	–	–	(1,420)	56	(444,043)	(445,407)
Repurchase of H shares under First H Share Award and Trust Scheme	–	(219,518)	–	–	–	–	–	(219,518)
Share-based payments	–	–	–	10,104	–	–	–	10,104
At 30 June 2021 (Unaudited)	489,837	(219,518)	3,709,340	24,794	(688)	(214)	(1,063,751)	2,939,800

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent								
	Paid-in capital RMB'000	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Fair value reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2020 (Audited)	168,654	–	–	591,473	9,505	1,448	44	(1,003,093)	(231,969)
Loss for the period	–	–	–	–	–	–	–	(249,835)	(249,835)
Other comprehensive income/(loss) for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	540	–	–	540
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(1)	–	(1)
Total comprehensive income/(loss) for the period	–	–	–	–	–	540	(1)	(249,835)	(249,296)
Capital contributions from shareholders	13,991	–	–	721,835	–	–	–	–	735,826
Conversion into a joint stock company upon restructuring	(182,645)	401,819	25,812	(1,313,308)	(11,436)	(1,448)	–	1,081,206	–
Share-based payments	–	–	–	–	6,031	–	–	–	6,031
At 30 June 2020 (Audited)	–	401,819	25,812	–	4,100	540	43	(171,722)	260,592

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	**(540,663)**	(258,891)
Interest received	**15,568**	524
Net cash flows used in operating activities	**(525,095)**	(258,367)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(298,940)**	(181,436)
Purchase of items of other intangible assets	**(2,658)**	–
Purchase of items of land use rights	**–**	(35,244)
Proceeds from disposal of items of property, plant and equipment	**–**	10
Receipts of government grants related to assets	**10,630**	–
(Increase)/decrease in pledged deposits	**(57,145)**	22,003
Net cash flows used in investing activities	**(348,113)**	(194,667)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	**–**	60,000
Repayment of bank borrowings	**(108,000)**	(120,000)
New borrowings from a related party	**–**	495,192
Repayment of borrowings to a related party	**–**	(557,617)
Capital contributions from shareholders	**–**	735,826
Payment of issuance costs in relation to A share IPO	**(4,583)**	–
Repurchase of H shares under First H Share Award and Trust Scheme	**(219,518)**	–
Interest paid	**(2,694)**	(43,310)
Principal portion of lease payments	**(20,962)**	(1,957)
Net cash flows (used in)/from financing activities	**(355,757)**	568,134
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1,228,965)**	115,100
Cash and cash equivalents at beginning of period	**2,768,521**	34,545
Effect of foreign exchange rate changes, net	**(5,558)**	(422)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,533,998**	149,223
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,636,066**	159,628
Less: pledged deposits	**(102,068)**	(10,405)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**1,533,998**	149,223

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. GENERAL INFORMATION

RemeGen Co., Ltd. (the "Company") was incorporated in the People's Republic of China ("PRC") on 4 July 2008 as a limited liability company. On 12 May 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the research and development of biological products.

The Company completed its initial public offering and was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2020.

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised IFRSs that are relevant to the preparation of the Group's interim condensed consolidated financial information are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

Since the Group did not have interest-bearing bank borrowings as at 30 June 2021, the amendments did not have any impact on the financial position and performance of the Group.

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

Since the Group did not receive any rent concessions during the six months ended 30 June 2021, the amendment did not have any impact on the financial position and performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

4. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research, biopharmaceutical service, biopharmaceutical production and sales, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	**29,192**	–

(b) Non-current assets

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	**1,444,879**	1,122,249
USA	**63,944**	5,194
	1,508,823	1,127,443

The non-current asset information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and other non-financial assets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue from contracts with customers		
Sales of goods	**29,192**	–

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Geographical markets		
Mainland China	**29,192**	–

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Timing of revenue recognition		
Goods transferred at a point in time	**29,192**	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost of inventories sold	**4,640**	–
Research and development costs	**326,604**	188,242
Including: Employee benefit expenses	**99,101**	54,234
Depreciation of property, plant and equipment	**29,694**	23,458
Depreciation of right-of-use assets	**24,623**	6,766
Amortisation of other intangible assets	**941**	400
Amortisation of long-term prepayments	**35**	29
Listing expenses	**747**	10,342
Auditor's remuneration	**560**	895
Government grants	**(14,244)**	(17,219)
Expenses relating to short-term leases and leases of low-value assets	**3,722**	727
Employee benefit expenses	**199,295**	84,166
Foreign exchange differences, net	**5,650**	(422)
Impairment of financial assets, net:		
Impairment of trade receivables, net	**74**	–
Impairment of financial assets included in prepayments, other receivables and other assets	**151**	113
Bank interest income	**(16,367)**	(524)
Loss on disposal of items of property, plant and equipment, net	**263**	57
Share-based payment expenses	**10,104**	6,031

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

7. INCOME TAX EXPENSE

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The subsidiary incorporated in the USA is subject to American federal and California state income tax. America federal income tax was provided at the rate of 21% and California income tax was provided at the rate of 8.84% during the six months ended 30 June 2021 on the estimated assessable profits arising in the USA.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the six months ended 30 June 2021. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2021.

The subsidiary incorporated in South Australia is subject to South Australia profits tax at the rate of 25% when aggregated turnover is under the threshold of AUD 50 million, or at the rate of 30% when aggregated turnover is over AUD 50 million. No provision for South Australia profits tax has been made as the Group had no assessable profits derived from or earned in South Australia during the six months ended 30 June 2021.

No current income tax and deferred income tax were charged for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

8. DIVIDENDS

No dividends have been declared and paid by the Company during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(444,043)**	(249,835)

	Number of shares For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**489,525,705**	N/A

Diluted earnings per share equals basic earnings per share as the Company had no dilutive potential ordinary shares for the six months ended 30 June 2021 and 30 June 2020.

10. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carrying amount at beginning of period	**802,568**	459,713
Additions	**412,223**	127,214
Adjustment	**(3,104)**	(378)
Depreciation	**(29,694)**	(23,458)
Disposals	**(263)**	(90)
Exchange realignment	**(63)**	4
Carrying amount at end of period	**1,181,667**	563,005

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

11. OTHER INTANGIBLE ASSETS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carrying amount at beginning of period	**5,095**	2,133
Additions	**5,348**	–
Amortisation	**(941)**	(400)
Carrying amount at end of period	**9,502**	1,733

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash and bank balances	**803,498**	1,097,076
Time deposits	**832,568**	1,712,234
	1,636,066	2,809,310
Less: Current:		
Pledged for bills payable (note (a))	**(96,577)**	(38,866)
Pledged for wages of migrant workers (note (b))	**(3,392)**	(616)
Interest receivable recorded in pledged deposits (note (c))	**(1,528)**	(730)
	(101,497)	(40,212)
Non Current:		
Pledged for office lease (note (d))	**(571)**	(577)
	(571)	(577)
Cash and cash equivalents	**1,533,998**	2,768,521

Notes:

(a) As at 30 June 2021, the amounts of bank balances of RMB96,577,000 (31 December 2020: RMB38,866,000) were pledged for bills payable.

(b) As at 30 June 2021, the amounts of bank balances of RMB3,392,000 (31 December 2020: RMB616,000) were pledged for wages of migrant workers.

(c) As at 30 June 2021, the amounts of bank balances of RMB581,000 (31 December 2020: RMB484,000) and the amounts of time deposits of RMB947,000 (2019: RMB246,000) were interest receivable.

(d) As at 30 June 2021, the amounts of bank balances of RMB571,000 (31 December 2020: RMB577,000) were pledged for office lease.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The Group's cash and cash equivalents as at the end of the year are denominated in the following currencies:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Denominated in RMB	**1,311,798**	2,222,331
Denominated in HKD	**214,688**	515,192
Denominated in USD	**6,987**	30,998
Denominated in AUD	**525**	–
	1,533,998	2,768,521

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

13. OTHER NON-CURRENT ASSETS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Prepayments for property, plant and equipment	**79,505**	120,457
Value-added tax recoverable	**65,342**	60,642
Others	**1,634**	165
	146,481	181,264

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

14. INVENTORIES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Raw materials	**62,427**	49,167
Work in progress	**41,330**	17,037
Finished product	**6,453**	–
	110,210	66,204

15. TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	**1,484**	–
Provision for impairment	**(74)**	–
Trade receivables, net	**1,410**	–

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of the provision for impairment, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	**1,410**	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

15. TRADE RECEIVABLES (CONTINUED)

The movements in provision for impairment of trade receivables are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At 1 January	**–**	–
Impairment losses, net	**74**	–
At 30 June	**74**	–

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Value-added tax recoverable	**43,567**	36,184
Prepayments	**168,625**	62,038
Due from related parties (note 21)	**1,116**	64
Deposits and other receivables	**12,548**	4,253
	225,856	102,539
Impairment allowance	**(286)**	(135)
	225,570	102,404

Financial assets included in prepayments, other receivables and other assets mainly represent deposits with suppliers and other parties. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. Other receivables had no historical default, the financial assets included in the above balances were categorised in stage 1 at the end of the year. In calculating the expected credit loss rate, the Group considers the flow rate and adjusts for forward-looking macroeconomic data.

The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

The Group applies an "expected credit loss ("ECL") model" to evaluate the credit losses for other receivables. The movements in provision for impairment of other receivables are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At 1 January	**135**	88
Impairment losses, net	**151**	113
At 30 June	**286**	201

17. TRADE AND BILLS PAYABLES

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

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	**76,290**	56,498
3 to 6 months	**49,691**	6,113
6 months to 1 year	**1,973**	14
Over 1 year	**68**	21
	128,022	62,646

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

18. INTEREST-BEARING BANK BORROWINGS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	–	108,124

As at 31 December 2020, the bank loan was secured by the letter of guarantee of Yantai Bank Co., Ltd. Yantai Development District Branch, with an interest rate of one-year loan prime rate plus 0.3% per annum. It was denominated in RMB and was repaid in January 2021.

As at 30 June 2021, certain of the construction in progress with a net carrying amount of approximately RMB396,399,000 (31 December 2020: RMB227,265,000) and the corresponding land use right with a net carrying amount of approximately RMB4,631,000 (31 December 2020: RMB4,688,000) were pledged for the above-mentioned letter of guarantee.

19. SHARE CAPITAL

Shares

	Numbers of shares	Nominal value of shares RMB'000
At 31 December 2020 and 30 June 2021	489,836,702	489,837

Share capital

	Numbers of ordinary shares	Total RMB'000
At 31 December 2020 and 30 June 2021	489,836,702	489,837

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

20. COMMITMENTS

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	**812,478**	1,035,381

21. RELATED PARTY TRANSACTIONS

In addition to the related party information and transactions disclosed elsewhere in the interim condensed consolidated financial information, the following is a summary of the significant related party transactions entered into during the ordinary course of business between the Group and its related parties.

(a) Information of related parties

	Relationships with the Group
Yantai Yeda International Biomedical Innovation Incubation Center Co., Ltd. ("Yeda International")	(i)
Yantai Rongchang Pharmacy Co.Ltd.("Rongchang Pharmaceuticals")	(i)
Yantai Lida Medicine Co., Ltd. ("Lida Pharmaceutical")	(i)
Shanghai Kangkang Medical Technology Center ("Kangkang Medical")	(i)
Shanghai Kangkang Medical Technology Co., Ltd. ("Kangkang")	(i)
Yantai Rongchang Biomedical Industry Technology Research Institute Co., Ltd. ("Rongchang Biomedical Industry")	(i)
Yantai CelluPro Biotechnology Co., Ltd. ("CelluPro Biotechnology")	(ii)
Yantai MabPlex International Biomedical Co., Ltd. ("MabPlex International")	(ii)
MabPlex Shanghai, Ltd. ("MabPlex Shanghai")	(ii)

(i) These entities were subsidiaries of Rongchang Pharmaceuticals which was majority-owned by the Concert Parties who controlled the Group. The Concert Parties consist of Dr. Fang Jianmin, Mr. Wang Weidong, Mr. Lin Jian, Mr. Xiong Xiaobin, Dr. Wang Liqiang, Mr. Wang Xudong, Mr. Deng Yong, Ms. Yang Minhua, Mr. Wen Qingkai and Mr. Wei Jianliang, Yantai Rongda Venture Capital Center (Limited Partnership), RongChang Holding Group Ltd., and I-NOVA Limited.

(ii) MabPlex International, CelluPro Biotechnology and MabPlex Shanghai were controlled by certain Concert Parties, exclusive of Yantai Rongda Venture Capital Center (Limited Partnership), and RongChang Holding Group Ltd and I-NOVA Limited.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Audited)
Sales of materials			
Rongchang Biomedical Industry	*(i)*	**–**	1
CelluPro Biotechnology	*(i)*	**–**	56
		–	57
Rendering of services			
MabPlex International	*(i)*	**–**	1
CelluPro Biotechnology	*(i)*	**–**	143
		–	144
Rental income			
MabPlex International	*(i)*	**1,549**	952
Lida Pharmaceutical	*(i)*	**–**	34
		1,549	986
Purchases of materials			
MabPlex International	*(i)*	**–**	41
CelluPro Biotechnology	*(i)*	**8,614**	2,584
MabPlex Shanghai	*(i)*	**259**	–
		8,873	2,625
Purchases of services			
Kangkang Medical	*(i)*	**–**	5,501
MabPlex International	*(i)*	**3,374**	2,898
Kangkang	*(i)*	**7,548**	–
Yeda International	*(i)*	**578**	–
Rongchang Pharmaceuticals	*(i)*	**14,085**	11,998
		25,585	20,397

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period (continued):

		For the six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Audited)
Purchases of equipment			
MabPlex International		**3,682**	–
MabPlex Shanghai		**10,779**	–
	(i)	**14,461**	–
Purchases of a land use right			
MabPlex International	*(i)*	**–**	4,589
Rental expenses			
Yeda International	*(i)*	**32**	521
MabPlex International		**1,139**	–
		1,171	521
Interest expenses on borrowings			
Rongchang Pharmaceuticals	*(ii)*	**–**	14,196
Borrowings from a related party			
Rongchang Pharmaceuticals	*(ii)*	**–**	495,192
Repayment of interest expenses			
Rongchang Pharmaceuticals	*(ii)*	**–**	41,649
Repayment of borrowings			
Rongchang Pharmaceuticals	*(ii)*	**–**	557,617
Repayment of lease liabilities			
Yeda International	*(i)*	**17,927**	364
Interest expenses on lease liabilities			
Yeda International	*(i)*	**1,582**	625

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period (continued):

Notes:

(i) During the six months ended 30 June 2021, the transactions were carried out in accordance with mutually agreed terms and conditions during the ordinary course of business.

(ii) During the six months ended 30 June 2020, the Group obtained borrowings from Rongchang Pharmaceuticals by bank transfer. The loans are unsecured, bear interest at 5.955% per annum, and payable on demand.

(c) Balances with related parties

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade and bills payables		
MabPlex International	**–**	455
CelluPro Biotechnology	**–**	340
	–	795
Prepayments, other receivables and other assets		
Yeda International	**64**	64
MabPlex International	**1,052**	–
	1,116	64
Other payables and accruals		
Rongchang Pharmaceuticals	**10,083**	6,149
Yeda International	**357**	–
	10,440	6,149
Other non-current assets		
Yeda International	**485**	714
Lease liabilities		
Yeda International	**55,163**	69,653

Note:

The Group's balances due from and due to the related companies are trade in nature, unsecured, interest-free and have no fixed terms of repayment as at the end of each period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

21. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Fees	**450**	126
Salaries, allowances and benefits in kind	**6,332**	2,029
Performance related bonuses	**1,870**	303
Pension scheme contributions	**91**	22
Share-based payment expenses	**6,596**	2,631
Total compensation paid to key management personnel	**15,339**	5,111

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of pledged deposits, cash and cash equivalents, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their fair values because these financial instruments are mostly short term in nature.

The carrying amounts of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2021	31 December 2020	**30 June 2021**	31 December 2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial assets				
Debt investments at fair value through other comprehensive income	**1,720**	–	**1,720**	–
Equity investments designated at fair value through other comprehensive income	**11,014**	12,907	**11,014**	12,907
	12,734	12,907	**12,734**	12,907

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer and the audit committee. At the end of each of the reporting period, 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 Directors periodically 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 fair values of unlisted equity investments designated at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms.

The fair values of bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of reporting period:

Financial instruments	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Discounted cash flow method	Discount rate	14.17% (31 December 2020:14.15%)	Increase/(decrease) in 1% would result in a (decrease)/increase in fair value by (RMB3,636,000)/RMB4,639,000 (31 December 2020: (RMB3,852,000)/ RMB4,901,000)
		Discount for lack of marketability	27.12% (31 December 2020:28.09%)	Increase/(decrease) in 5% would result in a (decrease)/increase in fair value by (RMB756,000)/RMB756,000 (31 December 2020: (RMB897,000)/ RMB898,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2021

	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)
Debt investments at fair value through other comprehensive income	–	1,720	–	1,720
Equity investments designated at fair value through other comprehensive income	–	–	11,014	11,014
	–	1,720	11,014	12,734

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income	–	–	12,907	12,907

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The movements in fair value measurement within Level 3 during the period are as follows:

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income		
At 1 January	**12,907**	11,448
Total (losses)/gains recognised in other comprehensive income	**(1,893)**	540
At 30 June	**11,014**	11,988

During the reporting 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.

23. EVENTS AFTER THE REPORTING PERIOD

The Company and Seagen Inc. ("Seagen") have entered into an exclusive worldwide license agreement (the "License Agreement") in August 2021 to develop and commercialize disitamab vedotin. Pursuant to the License Agreement, among other things, Seagen is granted an exclusive license, to develop and commercialize disitamab vedotin, an anti-HER2 antibody-drug conjugate (ADC) in countries of the world other than the countries retained as the RemeGen Territory (as defined below) ("Seagen Territory"). The RemeGen Territory includes Greater China and all other countries in Asia other than Japan and Singapore (the "RemeGen Territory").

Pursuant to the License Agreement and subject to the terms and conditions thereof, the Company shall receive an upfront payment of USD200 million and up to USD2.4 billion in milestone payments. The Company is also eligible to receive from Seagen a tiered royalties at percentages ranging from the high single digits to mid-teens on future cumulative net sales by Seagen of disitamab vedotin in the Seagen Territory.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 23 August 2021.

DEFINITIONS AND GLOSSARY

"ADC"	antibody drug conjugate, a class of biopharmaceutical drugs that combine monoclonal antibodies specific to surface antigens present on particular tumor cells with highly potent antitumor small molecule agents linked via a chemical linker
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 9995)
"Controlling Shareholder(s)" or "Concert Party(ies)"	has the meaning ascribed under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang Weidong (王威東), Dr. Fang (房健民), Mr. Lin Jian (林健), Dr. Wang Liqiang (王荔強), Mr. Wang Xudong (王旭東), Mr. Deng Yong (鄧勇), Mr. Xiong Xiaobin (熊曉濱), Mr. Wen Qingkai (溫慶凱), Ms. Yang Minhua (楊敏華), Mr. Wei Jianliang (魏建良), Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)), RongChang Holding Group LTD. and I-NOVA Limited, and each of them, a "Controlling Shareholder" or "Concert Party"
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this report, our core products include telitacicept (RC18), disitamab vedotin (RC48) and RC28

DEFINITIONS AND GLOSSARY

"Director"	the director of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
"First H Share Award and Trust Scheme" or "H Share Scheme"	the First H Share Award and Trust Scheme adopted by the Company
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus
"Group", "we", "us" or "our"	the Company and its subsidiaries
"H Shares"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
"HER2"	human epidermal growth factor receptor 2
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IgAN"	IgA nephropathy or IgA Nephritis, an autoimmune kidney disease that occurs when an antibody called immunoglobulin A (IgA) builds up in the kidneys, resulting in local inflammation that, over time, can hamper the kidneys' ability to filter waste from the blood
"IHC"	Immunohistochemistry, a test that uses a chemical dye to stain and measure specific proteins. IHC staining for HER2 status is the most widely used initial approach for evaluating HER2 as a predictor of response to anti-HER2 therapy. The HER2 IHC test gives a score of 0 to 3+ that measures the amount of HER2 proteins on the surface of cells in a tissue sample

DEFINITIONS AND GLOSSARY

"Listing"	the listing of the H Shares of the Company on the Main Board of the Stock Exchange
"Listing Date"	November 9, 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"Prospectus"	the prospectus issued by the Company dated October 28, 2020
"Reporting Period"	the six months ended June 30, 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of China

DEFINITIONS AND GLOSSARY

"Shareholder(s)"	holder(s) of the Shares
"Share(s)'	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares, Unlisted Foreign Shares and H Shares
"SLE"	systemic lupus erythematosus, a systemic autoimmune disease in which the body's immune system attacks normal, healthy tissue and can result in symptoms such as inflammation and swelling
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisor(s) of the Company
"Unlisted Foreign Shares"	ordinary shares issued by the Company with a nominal value of RMB1.00 each and are held by foreign investors and are not listed on any stock exchange
"U.S."	the United States of America