SINOMAB

SinoMab BioScience Limited
中國抗體製藥有限公司
(Incorporated in Hong Kong with limited liability)

Stock Code: 3681

Interim Report
2021

Contents

Corporate Information

DIRECTORS

Executive Director

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. George William Hunter CAUTHERLEY
Mr. Ping Cho Terence HON
Dr. Chi Ming LEE *(appointed on 15 June 2021)*
Mr. Dylan Carlo TINKER
Mr. Michael James Connolly HOGAN
(retired, effective from 15 June 2021)

AUDIT COMMITTEE

Mr. Ping Cho Terence HON *(Chairman)*
Mr. George William Hunter CAUTHERLEY
Dr. Chi Ming LEE *(appointed on 15 June 2021)*
Mr. Dylan Carlo TINKER
Mr. Michael James Connolly HOGAN
(retired, effective from 15 June 2021)

REMUNERATION COMMITTEE

Dr. Chi Ming LEE *(Chairman)*
(appointed as the Chairman on 15 June 2021)
Mr. Ping Cho Terence HON
Dr. Shui On LEUNG
Mr. Michael James Connolly HOGAN *(Chairman)*
(retired, effective from 15 June 2021)

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Pui Yin Peony WONG

AUTHORISED REPRESENTATIVES

Dr. Shui On LEUNG
Mr. Jianping HUA

REGISTERED OFFICE

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183 Queen's Road East
Hong Kong

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISER

As to Hong Kong law
Paul Hastings

HONG KONG SHARE REGISTRAR

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COMPANY WEBSITE

www.sinomab.com

STOCK CODE

3681

Dr. Shui On LEUNG

Chairman, Executive Director and Chief Executive Officer

Dear valued Shareholders,

On behalf of the Board, I hereby present the interim report of the Company (together with its subsidiaries) for the six months ended 30 June 2021. This year, the 20th anniversary of our establishment, marks a critical milestone for our development from a start-up to a listed company on the Main Board of the Hong Kong Stock Exchange. We would like to express our wholehearted gratitude towards your abiding trust and support, which have accompanied us throughout the ages. Next, we are delighted to recap with you our businesses during the past 6 months.

More than a year since the outbreak of COVID-19 virus, situations in Hong Kong, mainland China and other parts of the world have been gradually restrained. Our employees have stayed on to help completely recover our businesses as well as research and development ("**R&D**"). SM03, our flagship product, is currently in Phase-III clinical trials against rheumatoid arthritis ("**RA**"). As of 30 June 2021, a total of 408 patients have been enrolled and treated with the assigned drugs. We expect to complete patient enrolment for Phase III clinical trial for RA by the end of 2021 at the earliest, plan to file our Biologics License Application ("**BLA**") with the National Medical Products Administration (the "**NMPA**") of the People's Republic of China ("**PRC**") in the second half of 2022 at the earliest and expect to commercialize SM03 by the second half of 2023. The expected time for commercialization has been rescheduled in accordance with the latest patient enrollments under the impact of COVID-19. Meanwhile, we are endeavouring to broaden SM03's therapeutic uses for addressing other unmet medical needs, including to expectedly initiate Phase-II clinical study for systemic lupus erythematosus ("**SLE**") in the second half of 2021.

Besides, the R&D of SN1011, our key product and third-generation covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor, has also achieved several breakthroughs. On 27 August 2020 and 23 June 2021,

the NMPA approved the Investigational New Drug ("**IND**") applications of SN1011 respectively for the treatments of SLE and pemphigus vulgaris ("**PV**"). We successfully dosed the first healthy subject in Phase-I clinical study in Shanghai China on 15 January 2021 with a good clinical study progress. On 23 July 2021, SN1011 has completed last subject last visit in a Phase I dose-escalation study in China, in which 71 healthy subjects were enrolled. None of the subjects reported serious adverse event (SAE) and the product showed well tolerability and safety. We are initiating Phase II clinical study targeting PV in China. It is the first BTK inhibitor known for the treatment of PV in China in clinical stage with huge unmet clinical needs. For SLE, we also plan to initiate Phase II clinical study targeting SLE at a later time in the near future.

Currently, in Haikou we have a production base with a production capacity of 1,200 L, which will be used for the BLA submission and the initial commercial production of SM03. Its total operational area has been expanded from approximately 4,526 sq.m. to approximately 19,163 sq.m., consisting of a clean area for processing, a controlled-not-classified (CNC) area for supporting activities, utility rooms, quality control laboratories, warehouses and administrative offices.

In order to meet the anticipated increased demand in production consequential to the approval of SM03, we have been constructing our Suzhou plant with a production capacity of 32,000 L in the Suzhou Dushu Lake High Education Town. The headquarters together with the plant in the same site has a total area of about 75,000 sq.m. which consists of the plant, a manufacturing shop, an R&D centre, a quality inspection centre, a clinical study centre and an administration building. All these additions are expected to be completed by late 2022. After completion, our total production capacity will reach 44,000 L which is able to meet the anticipated demand after our drug candidates are fully commercialized.

Moreover, to better manage the entire process from research to production, the Company has developed a platform across the whole industry chain, which consists of target identification, drug candidate development, pre-clinical research, clinical trials, clinical production, quality control, quality assurance, regulatory approval and commercial-scale production. Leveraging our full-spectrum platform that leads in the Greater China region, plus the constantly expanding production plants, the Company is confident in significantly lifting the efficiency of drug R&D and commercialization.

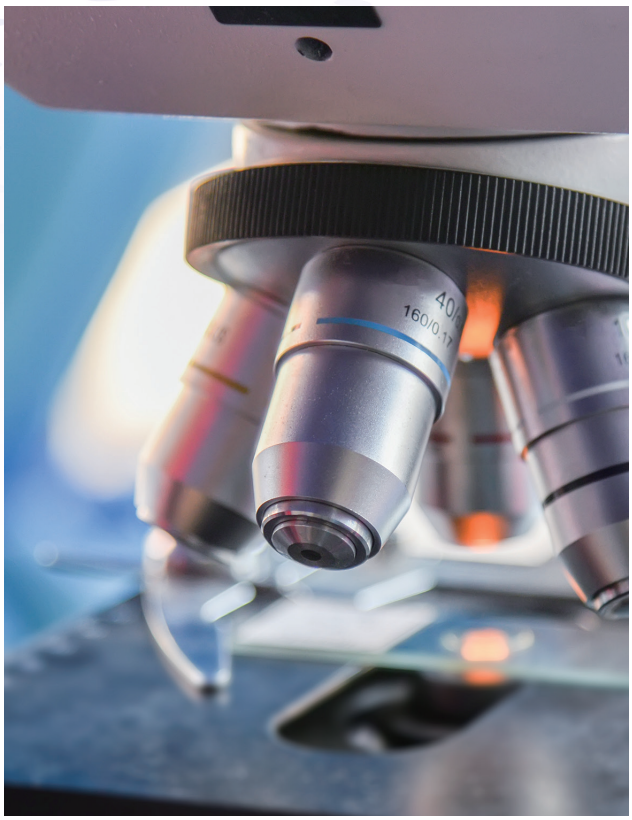
As a post-pandemic era comes, pharmaceutical investments have been springing up in the capital market, frequently bringing the public health sector to the global spotlight. In China, the Ministry of Science and Technology, the Ministry of Industry and Information Technology as well as the State Council have successively shown their support to the industrialisation and internationalisation of antibody drugs. Favoured both domestically and globally, we can foresee more possibilities for our development. The Company will adhere to independent innovation by further studying novel drug target identification while developing superior clinical and marketing teams to strengthen our drug R&D and commercialization. We aim to grow into a global leader in novel treatments of immunological diseases who continuously contributes towards the pharmaceutical field.

Established in 2001, the Company has been committed to antibody R&D; having gone through 20 years, with the very original ambition in mind, it is still dedicated to discovering and developing novel drug targets and thus advancing treatments for immunological diseases. We hope to fight for patients' well-being while keeping our promise to Shareholders and society. Last but not least, on behalf of the Board and management of the Company, I hereby express the sincerest gratitude again for Shareholders' and investors' enduring support, our employees' utmost effort as well as every medical professional's selfless contribution in the pandemic.

Chairman, Executive Director and Chief Executive Officer
Dr. Shui On LEUNG
23 August 2021

OVERVIEW

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



Our flagship product, SM03, is a potential global first-in-target mAb for the treatment of rheumatoid arthritis ("**RA**") and potentially for the treatment of other immunological diseases such as systemic lupus erythematosus ("**SLE**"), Sjogren's syndrome ("**SS**") as well as non-Hodgkin's lymphoma ("**NHL**"), which is expected to be commercialized by the second half of 2023. The expected time for commercialization has been re-scheduled in accordance with the latest patient enrollments under the impact of COVID-19.

PROGRESS OF CLINICAL PROJECTS

Product Pipeline

Pipeline	Indication	Territory	IND Enabling			Phase I	Phase II	Phase III
			Stage I	Stage II	Stage III			
SM03 (anti-CD22) (First-in-Target)	Rheumatoid arthritis (RA)	China						
	Non-Hodgkin's lymphoma (NHL)							
	Systemic lupus erythematosus (SLE)							
	Sjogren's syndrome (SS)							
SN1011 (BTK Inhibitor) (Third-Generation)	Pemphigus vulgaris (PV)	China						
	Systemic lupus erythematosus (SLE)							
	Rheumatoid arthritis (RA)	Australia						
	Systemic lupus erythematosus (SLE)							
	Pemphigus							
SM17 (Humanised Anti-IL17RB) (First-in-Class and First-in-Target)	Asthma							
	Idiopathic Pulmonary fibrosis (IPF)							
SM06 (Humanised anti-CD22)	Systemic lupus erythematosus (SLE)							
	Rheumatoid arthritis (RA)							
	Sjogren's syndrome (SS)							
SM09 (Humanised Anti-CD20)	Non-Hodgkin's lymphoma (NHL)							
	Rheumatoid arthritis (RA)							
TNF2 (Humanised Ab)	Rheumatoid arthritis (RA)							

IND enabling stage

IND enabling stage I – R&D

IND enabling stage II – chemistry, manufacturing and control processes (CMC)

IND enabling stage III – Preclinical

Clinical stage

Our key product, SN1011, is a third generation covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor designed for high selectivity and superior efficacy for the long-term treatment of SLE, pemphigus vulgaris ("**PV**"), multiple sclerosis, RA and other immunological diseases. SN1011 is the first BTK inhibitor known for the treatment of PV in China in clinical stage with huge unmet clinical needs. The Company is initiating Phase II clinical study for PV in China and plans to initiate Phase II clinical study for SLE at a later time in the near future.

Another key product, SM17, is a first-in-class and first-in-target humanised anti-IL 17RB antibody for the treatment of asthma and idiopathic pulmonary fibrosis, which we intend to enter into human clinical trials globally by the first quarter of 2022.

Other drug candidate, SM06, is a second-generation anti-CD22 antibody and is a humanised version of SM03 with the same mechanism of action of SM03. We believe that SM06 will be more suitable for treating chronic diseases requiring long-term administration, such as SLE, RA and other immunological diseases. We are currently in the process of optimising production for SM06 and speeding up the filing of SM06 for clinical studies in the United States. IND approval is expected to be obtained in the second half of 2022 at the earliest.

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

Flagship Product

SM03

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

We plan to rapidly advance the development of SM03. As at 30 June 2021, a total of 408 patients have been enrolled into SM03 Phase III clinical trials for RA and treated with the assigned drugs. A Phase III clinical trial

interim analysis whose objective was to assess the safety and tolerability profile of patient against existing SM03's safety information was completed in June 2020. Safety data of the Phase III clinical trial interim analysis were generally in line with the results of Phase II clinical trials. We expect to complete patient enrollment for SM03's Phase III clinical trial for RA by the end of 2021 at the earliest, and plan to file our Biologics Licence Application ("**BLA**") with the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**") in the second half of 2022 at the earliest. Such timeframe was extended from the original schedule as a result of the uncertainties brought by coronavirus disease (COVID-19). We also expect to commercialize SM03 by the second half of 2023. The expected time for commercialization has been rescheduled in accordance with the latest patient enrollments under the impact of COVID-19. As reported in our 2020 Annual Report, we planned to file Investigational New Drug ("**IND**") application in the United States for SM06, a humanized version of SM03 with the same mechanism of action of SM03, in response to the strategic planning on the Group's product pipeline development. Therefore, our previously planned bridging clinical study in Australia for SM03 had been replaced by the clinical studies for SM06 to be conducted in the United States. In addition to our efforts to develop SM03 as a therapeutic for RA, we will advance SM03 clinical trials for SLE to broaden the therapeutic uses of SM03 for addressing other unmet medical needs. We expect to initiate Phase II clinical study for SLE in the second half of 2021.

Key Products

SN1011

SN1011 is a third generation, covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor designed for higher selectivity, superior efficacy and improved safety for the long-term treatment of SLE, Pemphigus vulgaris ("**PV**"), multiple sclerosis, RA, and other immunological diseases. SN1011 differentiates from existing BTK inhibitors currently available in the market, such as Ibrutinib, in terms of mechanism of action, affinity, selectivity and safety. SN1011 is the first BTK inhibitor known for the treatment of PV in China in clinical stage with huge unmet clinical needs.

With regard to SN1011's Phase I clinical trial in Australia, the Company had been conducting the clinical trials for the evaluation of the safety and tolerability of SN1011 in a group of healthy adult subjects, including both single ascending dose ("**SAD**") and multiple ascending dose ("**MAD**") studies. As at 29 April 2021, a total number of 56 Caucasian subjects were completed in the Phase I Clinical trial, in which 40 subjects enrolled in SAD part and 16 subjects enrolled in MAD part.

With regard to SN1011's clinical study in China, the NMPA approved the Company's Investigational New Drug ("**IND**") application for the treatment of SLE on 27 August 2020 and the first healthy subject had been successfully dosed in Phase I clinical study in Shanghai, China on 15 January 2021. An IND application of SN1011 for the treatment of PV was also approved by the NMPA on 23 June 2021. On 23 July 2021, SN1011 has completed last subject last visit in a Phase I dose-escalation study in China, in which 71 healthy subjects were enrolled. None of the subjects reported serious adverse event (SAE) and the product showed well tolerability and safety. Following SN1011 IND approval for PV and SLE, the Company is initiating Phase II clinical study targeting PV in China. The Company also plans to initiate Phase II clinical study targeting SLE at a later time in the near future. Please also refer to the Company's announcements dated 14 November 2019, 29 January 2020, 29 June 2020, 1 September 2020, 15 January 2021, 24 June 2021 and 23 July 2021 for further information about the latest R&D progress of SN1011.

SM17

The parent antibody of SM17 was originally developed to treat eosinophilic asthma via blockage of IL25 binding onto the IL17RB receptor expressed on ILC2. The antibody is specific to IL17RB, which is found to be significantly upregulated in biopsy tissues of asthmatic patients. When evaluated in a murine-based Ovalbumin (OVA)-induced Allergic Asthma Model, blockage of receptor signaling by the antibody enhanced protection against airways resistance, and significantly reduced cell infiltration into the lungs and serum levels of antigen specific immunoglobulin E (IgE). This potential first-in-class and first-in-target antibody was further humanised by the Group's international partner, LifeArc (a medical research charity based in the United Kingdom), using their proprietary humanisation technology. The antibody was later found to exhibit other therapeutic potential, including type II ulcerative colitis and idiopathic pulmonary fibrosis ("**IPF**"). In the latter case, the antibody was demonstrated to significantly reduce pulmonary collagen in mice suffering from bleomycin-induced pulmonary fibrosis. The levels of antibody-induced pulmonary collagen reduction were comparable to such achieved in mice treated with pirfenidone.

We are in the process of generating and collecting the necessary data through our in-house platforms for IND filing. SM17 production process development was completed, and manufacturing of clinical batch for Phase I trials is now under way. Preliminary toxicological studies demonstrated that SM17 is well tolerated at pharmacologically active dose levels in cynomolgus monkeys. Good Laboratory Practice (GLP) compliance toxicological studies are in progress. We are in the process of compiling the dossier for IND submission by the second half of 2021. Meanwhile, we are now conducting in-house proof-of-concept ("**POC**") studies to explore other clinical applications of SM17 on a variety of diseases. Pre-IND meetings with the relevant regulatory agencies in these jurisdictions are planned prior to our IND submissions. We intend to enter into human clinical trials globally by the first quarter of 2022.

Other drug candidates

SM06

SM06 is a second-generation anti-CD22 antibody that is humanised using our proprietary framework-patching technology. SM06 is a humanised version of SM03 with the same mechanism of action of SM03. It is contemplated to be a less immunogenic and more human-like antibody with improved safety profiles. We believe that SM06 will be more suitable for treating chronic diseases requiring long-term administration, such as SLE, RA and other immunological diseases. We are currently in the process of optimising production for SM06 and speeding up the filing of SM06 for clinical studies in the United States. We expect to obtain IND approval in the second half of 2022 at the earliest. Once we commercialize SM03, we will proceed to engage NMPA and/or regulatory authorities of other jurisdictions to initiate clinical trials for SM06.

SM09

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

TNF2

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

PRODUCTION

We carried out our manufacturing activities at our Haikou production base, where we manufacture our drug candidates for pre-clinical research, clinical trials and future large-scale production. The Haikou production base has a production capacity of 1,200 litres which is sufficient for clinical and initial marketing needs. The plant has an operational area consisting of a clean area for processing, a controlled-not-classified (CNC) area for supporting activities, utility rooms, quality control laboratories, warehouse and administrative offices. During the Reporting Period, the Haikou production base has expanded its total operational area from approximately 4,526 square metres to approximately 19,163 square metres.

Construction of the administrative facilities, testing laboratories and R&D laboratories of our Suzhou base was completed in 2019. The administrative facilities have been in operation since late-2020 for supporting ongoing and new product development projects. To cope with the Company's business development plan in expanding R&D and product development capacity, new research laboratory will be established in the Company's new Suzhou campus. During the Reporting Period, the R&D laboratory is under commissioning and is expected to be fully equipped and be in full operation in the second half of 2021.

As previously reported, the Company, on 24 June 2020, purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, where the Company plans to build its PRC headquarters, an R&D centre as well as another production base, with a total floor area of approximately 75,000 square metres. The foundation works have been completed. The superstructure works have commenced and are expected to be completed by late 2022. Upon completion, the production capacity of the production base would be over 32,000 litres.

R&D ACTIVITIES OF FLAGSHIP PRODUCT

Our flagship product SM03 is a potential first-in-target anti-CD22 mAb for the treatment of rheumatoid arthritis (RA) and potentially other immunological diseases such as systemic lupus erythematosus (SLE), Sjogren's syndrome (SS) as well as non-Hodgkin's lymphoma (NHL). SM03 is expected to be our first commercially available drug candidate. We hypothesised that SM03 adopts a novel mechanism of action which differentiates itself from the current treatments available in the market and we are currently working towards uncovering the mechanism. We have experimental evidences supporting the hypothesis.

As at 30 June 2021, a total of 408 patients have been enrolled into SM03 Phase III clinical trials for RA. We expect to complete patient enrollment for SM03's Phase III clinical trial for RA by the end of 2021 at the earliest, and plan to file our BLA with the NMPA in the second half of 2022 at the earliest. As reported in our 2020 Annual Report, our previously planned bridging clinical study in Australia for SM03 had been replaced by the clinical study for SM06 to be conducted in the United States, in response to the strategic planning on the Group's product pipeline development. We planned to file IND application in the United States for SM06, a humanized version of SM03 with the same mechanism of action of SM03.

SM03 may not ultimately be successfully developed and marketed.

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

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

During the Reporting Period, the Group incurred approximately RMB55.3 million on the R&D activities of SM03.

INTELLECTUAL PROPERTY

Core Technology of Main Drugs (Products)

For SM03, the Company has two invention patents which are registered in the PRC, of which one invention patent is also applicable to SM06, and four invention patents which are registered in the United States, all of which are also applicable to SM06. The Company has two pending patent applications in the United States and one pending patent application in the PRC. The Company has also filed two Patent Cooperation Treaty ("**PCT**") patent applications, both of which are also applicable to SM06, which are currently under review according to PCT procedures.

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

During the Reporting Period, the Company has filed one invention patent application for SM03 with the China National Intellectual Property Administration.

Well-known or Famous Trademarks

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

Patents

Item	As at 30 June 2021	As at 31 December 2020
Number of invention patents owned by the Company	**21**	20

HUMAN RESOURCES

As at 30 June 2021, the Group had a total of 262 employees in Hong Kong and China. Employees are important resources for the Group's sustainable operation and steady development. The Company has formulated policies related to employees' remuneration, rights and interests and conducted various staff training. The Company has also established its restricted share unit scheme and share award scheme, details of which are set out in "Other Information – Share Incentives" in this interim report.

R&D PERSONNEL

Education level	Number at the end of the Reporting Period	Number at the beginning of the Reporting Period
Ph.D.	**7**	7
Master	**17**	11
Undergraduate or below	**23**	7
Total number of R&D personnel	**47**	25

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

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

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

FUTURE AND PROSPECTS

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

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

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

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

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

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

Clinical Development Plan

We will continue to advance clinical trials for SM03 for RA and SLE. As previously mentioned, we expect to file our SM03 BLA for RA with the NMPA in the second half of 2022 at the earliest. As mentioned in the preceding paragraph, our previously planned bridging clinical study in Australia for SM03 had been replaced by the clinical studies for SM06 to be conducted in the United States. In terms of the broader indication development, we will advance clinical trials for SLE and possibly other autoimmune diseases.

We will continue the global clinical development programme for SN1011 in the immunological disease area. On 27 August 2020, the NMPA approved the IND application for the treatment of SLE filed by the Company, and the first healthy subject had been successfully dosed in Phase I clinical study in Shanghai, China on 15 January 2021. An IND application of SN1011 for the treatment of PV was also approved by the NMPA on 23 June 2021. SN1011 has completed last subject last visit on 23 July 2021 in a Phase I dose-escalation study in China. Following SN1011 IND approval for PV and SLE, the Company is initiating Phase II clinical study targeting PV in China. The Company also plans to initiate Phase II clinical study targeting SLE at a later time in the near future.

Further, in respect of SM17, we plan to enter into human clinical trials globally by the first quarter of 2022.

Pre-clinical R&D

The Group's international partner, LifeArc, engaged the Company to co-develop SM17. The Company is in the process of generating and collecting the necessary data for IND filing in respect of SM17, and will thereafter conduct pre-clinical studies to test its efficacies, safety and Pharmacokinetics ("**PK**")/Pharmacodynamics ("**PD**"), and fulfil other regulatory requirements. The Company intends to enter into human clinical trials globally by the first quarter of 2022.

We are currently in the process of optimising production for SM06 and speeding up the filing of SM06 for clinical studies in the United States. We expect to obtain IND approval in the second half of 2022 at the earliest.

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

Novel drug targets identification

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

Production

The Suzhou administrative arm of which has been in operation since late 2020 for supporting ongoing and new product development projects. The R&D laboratory is under commissioning and is expected to be fully equipped and be in full operation in the second half of 2021.

On 24 June 2020, the Company purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, where the Company plans to build its PRC headquarters, an R&D centre as well as another production base, with a total floor area of approximately 75,000 square metres. The foundation works have been completed. The superstructure works have commenced and are expected to be completed by late 2022. Upon completion, the production capacity of the production base would be over 32,000 litres.

Commercialization

Albeit uncertainties associated with COVID-19, we expect to build up our sales team by 2022. Our commercialization team is expected to cover a majority of provinces and municipalities in China and to support the future commercialization of our drug candidates. We are actively exploring and identifying opportunities for collaboration and/or partnership, including but not limited to licensing in or licensing out, to enhance our sales and business development capabilities.

COVID-19

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

FINANCIAL REVIEW

Other income and gains

Our other income and gains consist primarily of bank interest income, changes in fair value of a financial asset at fair value through profit or loss, government grants and foreign exchange gain. Total other income and gains were approximately RMB12.7 million for the Reporting Period, representing a decrease of approximately RMB6.0 million from the six months ended 30 June 2020, mainly due to a decrease in recognition of unrealized fair value gain of a financial asset at fair value through profit or loss of approximately RMB6.4 million.

R&D costs

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Laboratory consumable and experiment costs	**70,258**	37,246
Employment costs	**15,113**	7,749
Others	**4,611**	2,821
	89,982	47,816

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

For the six months ended 30 June 2021 and 2020, we incurred R&D costs of approximately RMB90.0 million and RMB47.8 million, respectively. The increase in costs of business development in R&D during the Reporting Period was mainly attributable to (i) an increase in laboratory consumable and experiment costs amounting to approximately RMB33.1 million and (ii) an increase in employment costs amounting to approximately RMB7.4 million due to the increase in the number of R&D personnel.

Administrative expenses

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

For the six months ended 30 June 2021 and 2020, our total administrative expenses were approximately RMB32.9 million and RMB50.0 million, respectively. The decrease was mainly due to (i) no recognition of a non-cash share-based payment under the RSU Scheme in the Reporting Period (2020: RMB34.9 million); and offset by (ii) an increase in the employment related costs for our business expansion of approximately RMB5.7 million; (iii) an increase of depreciation costs of approximately RMB3.9 million due to addition of the right-of-use assets and property, plant and equipment; (iv) an increase in rental and property management fees amounting to approximately RMB1.9 million mainly relating to the short-term lease.

Liquidity and capital resources

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

As at 30 June 2021, cash and cash equivalents totalled RMB643.1 million, as compared to RMB810.4 million as at 31 December 2020. The net decrease of approximately RMB167.3 million was mainly due to spending on (i) the capital expenditures of subsidiaries in Suzhou and Hainan, of approximately RMB67.5 million; (ii) the purchase of shares under the share award scheme of approximately RMB59.7 million; (iii) an investment in a structured deposit and pledged deposits of approximately RMB71.0 million; (iv) an investment in D2M Biotherapeutics Limited, of approximately RMB16.2 million; (v) the expenses paid for operating activities, of approximately RMB88.9 million; and offset by (vi) the net increase in the bank borrowing of approximately RMB65.1 million; (vii) the proceeds from the disposal of China Healthcare Fund of approximately RMB92.0 million.

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Net cash flows used in operating activities	**(88,857)**	(73,924)
Net cash flows used in investing activities	**(62,511)**	(633,666)
Net cash flows used in financing activities	**(7,846)**	(12,814)
Net decrease in cash and cash equivalents	**(159,214)**	(720,404)
Cash and cash equivalents at the beginning of the period	**810,370**	1,200,868
Effect of foreign exchange rate changes, net	**(8,096)**	16,432
Cash and cash equivalents at the end of the period	**643,060**	496,896
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of financial position	**643,060**	1,036,496
Non-pledged time deposits with original maturity of over three months when acquired	**–**	(539,600)
Cash and cash equivalents as stated in the statement of cash flows	**643,060**	496,896

As at 30 June 2021, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Bank Borrowings and Gearing

As at 30 June 2021, the Group's outstanding bank borrowings of RMB125.5 million (31 December 2020: RMB60.5 million) were denominated in RMB and carried at a variable rate of interest equal to the People's Bank of China RMB Loan Prime Rate plus 0.25%.

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

Foreign Exchange Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

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

Share Capital

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

Loss Per Share

The basic and diluted loss per share are RMB0.11 for the six months ended 30 June 2021 (30 June 2020: RMB0.08).

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss		
Loss attributable to ordinary equity holders of the parent	**114,403**	80,840

	Number of shares Six months ended 30 June	
	2021	2020
	(unaudited)	*(unaudited)*
Shares		
Weighted average number of ordinary shares in issue during the period	**1,001,741,519**	1,006,240,400

Pledge of Assets

Particulars of pledge of assets of the Group as at 30 June 2021 are set out in note 10 to the condensed consolidated financial statements.

Capital Commitments

Particulars of capital commitments of the Group as at 30 June 2021 are set out in note 12 to the condensed consolidated financial statements.

Contingent Liabilities

As at 30 June 2021, the Group had no contingent liabilities (2020: Nil).

DIVIDEND

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SIGNIFICANT INVESTMENTS HELD AND DISPOSED

During the Reporting Period, the Company held 775,347.912 units of Class A participating shares (the "**Investment**") in the China Healthcare Fund, which is a segregated portfolio of New China Overseas Opportunity Fund SPC ("**New China Overseas**"). The Investment was made by the Company on 22 January 2020 at a cost of HK$78 million. On 4 February 2021, the Company (as seller) and Dragon Capital Special Opportunities SPC for and on behalf of its segregated portfolio named Dragon Capital Special Opportunities 2 SP (as purchaser) entered into a contract to sell the Investment at a consideration of approximately HK$110.6 million (the "**Disposal**") which represented approximately 8.24% of the total assets of the Company for the financial year ended 31 December 2020. The Disposal was completed on 18 February 2021 and the Company recognised unrealised gain from change in fair value of the Investment of approximately RMB28.3 million (approximately HK$32.6 million, representing approximately 41.76% return on Investment) for the financial year ended 31 December 2020.

New China Overseas is an open-ended investment company incorporated in the Cayman Islands with limited liability on 17 October 2014 and registered as an exempted segregated portfolio company with the Registrar of Companies of the Cayman Islands.

The Investment served as a corporate investment strategy to maintain and generate possible future income of the Company and was a means to better utilise the Company's current financial resources, and fell under "other general corporate purposes" of the Company's planned use of proceeds from the Company's listing. The Investment matured on 22 January 2021 and could be redeemed since then.

Please refer to the Company's announcements dated 4 February 2021 and 5 February 2021, and the paragraph headed "SIGNIFICANT INVESTMENTS HELD" under "Management Discussion and Analysis" section of the Company's 2020 Annual Report for more details. Save as disclosed, the Company did not hold and dispose of any significant investment with a value greater than 5% of the Company's total assets as at 30 June 2021.

CONNECTED TRANSACTION

As reported in the Company's 2020 Annual Report, a subscription agreement (the "**Subscription Agreement**") was entered into on 22 December 2020 between the Company (the issuer) and Haiyao International Group Limited (the "**Investor**") in respect of the subscription by the Investor for convertible bonds in an aggregate principal amount of HK$100,000,000 ("**Convertible Bonds**").

The Investor is a wholly owned subsidiary of Hainan Haiyao Co., Ltd. ("**Haiyao**"), a substantial shareholder of the Company. Therefore, the Investor is a connected person of the Company. As at the date of the Subscription Agreement, Haiyao held 158,882,115 Shares, representing approximately 15.79% equity interests in the Company.

Accordingly, the Subscription Agreement and the transactions thereunder constituted a connected transaction of the Company and were subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 19 February 2021, the issue of convertible bonds upon the terms and conditions of the Subscription Agreement was approved by the independent shareholders of the Company.

On 22 June 2021, the Board announced that as certain conditions precedent have not been fulfilled or waived as of the long stop date, the Subscription Agreement has lapsed and the Convertible Bonds will not be issued under the Subscription Agreement.

Details of the Subscription Agreement and the proposed issue of the Convertible Bonds, and the lapse of the proposed issue of Convertible Bonds were disclosed in the announcements of the Company dated 22 December 2020, 14 January 2021 and 22 June 2021 and the circular of the Company dated 27 January 2021.

Independent Review Report

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 38, which comprises the condensed consolidated statement of financial position of SinoMab BioScience Limited (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 Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong
23 August 2021

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Six months ended 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Other income and gains		**12,745**	18,659
Research and development costs		**(89,982)**	(47,816)
Administrative expenses		**(32,861)**	(50,030)
Finance costs		**(2,499)**	(1,524)
Other expenses, net		**(138)**	(129)
Share of loss of an associate		**(1,668)**	–
LOSS BEFORE TAX	*4*	**(114,403)**	(80,840)
Income tax expenses	*5*	**–**	–
LOSS FOR THE PERIOD		**(114,403)**	(80,840)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*7*	**0.11**	0.08

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
LOSS FOR THE PERIOD	**(114,403)**	(80,840)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation to the presentation currency	**(9,331)**	17,807
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(123,734)**	(63,033)

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**143,409**	101,093
Right-of-use assets		**89,546**	44,830
Investment in an associate		**29,922**	31,897
Other intangible assets		**248**	–
Deposits		**2,457**	1,391
Other non-current assets		**38,382**	15,958
Total non-current assets		**303,964**	195,169
CURRENT ASSETS			
Prepayments, deposits and other receivables		**21,417**	30,926
Financial asset at fair value through profit or loss	*9*	**50,245**	93,058
Pledged deposits	*10*	**20,982**	–
Cash and cash equivalents	*10*	**643,060**	810,370
Total current assets		**735,704**	934,354
CURRENT LIABILITIES			
Other payables and accruals		**33,141**	44,674
Lease liabilities		**9,795**	9,130
Interest-bearing bank borrowing		**5,000**	5,000
Total current liabilities		**47,936**	58,804

Interim Condensed Consolidated Statement of Financial Position *(continued)*

30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NET CURRENT ASSETS		**687,768**	875,550
TOTAL ASSETS LESS CURRENT LIABILITIES		**991,732**	1,070,719
NON-CURRENT LIABILITIES			
Lease liabilities		**67,585**	28,247
Interest-bearing bank borrowing		**120,543**	55,461
Total non-current liabilities		**188,128**	83,708
Net assets		**803,604**	987,011
EQUITY			
Equity attributable to owners of the parent			
Share capital	*11*	**1,679,126**	1,679,126
Reserves		**(875,522)**	(692,115)
Total equity		**803,604**	987,011

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*	Shares held under Share Award Scheme *RMB'000*	Share-based payment reserve *RMB'000*	Capital reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
At 1 January 2021 (audited)	1,679,126	–	35,382	8,637	(61,367)	(674,767)	987,011
Loss for the period	–	–	–	–	–	(114,403)	(114,403)
Other comprehensive loss for the period:							
Exchange differences on translation to the presentation currency	–	–	–	–	(9,331)	–	(9,331)
Total comprehensive loss for the period	–	–	–	–	(9,331)	(114,403)	(123,734)
Purchase of shares under the share award scheme	–	(59,673)	–	–	–	–	(59,673)
At 30 June 2021 (unaudited)	1,679,126	(59,673)*	35,382*	8,637*	(70,698)*	(789,170)*	803,604

Interim Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 30 June 2021

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

* These reserve accounts comprise the consolidated debit reserves of RMB875,522,000 (31 December 2020: RMB692,115,000) in the interim condensed consolidated statements of financial position as at 30 June 2021.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(88,857)**	(73,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in an associate	**(16,173)**	–
Purchases of items of property, plant and equipment	**(67,539)**	(8,135)
Purchase of land use rights	**–**	(16,366)
Purchases of other intangible assets	**(293)**	–
Purchase of financial asset at fair value through profit of loss	**(50,000)**	(69,565)
Increase in time deposits with initial term of over three months	**–**	(539,600)
Increase in pledged deposits	**(20,982)**	–
Proceeds from disposal of financial asset at fair value through profit or loss	**92,046**	–
Settlement received for financial liabilities at fair value through profit or loss	**430**	–
Net cash flows used in investing activities	**(62,511)**	(633,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**67,582**	38,162
Repayment of bank loans	**(2,500)**	–
Share issue expenses	**–**	(49,253)
Principal portion of lease payments	**(10,077)**	(866)
Interest paid	**(3,178)**	(857)
Purchase of shares under the share award scheme	**(59,673)**	–
Net cash flows used in financing activities	**(7,846)**	(12,814)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(159,214)**	(720,404)
Cash and cash equivalents at the beginning of the period	**810,370**	1,200,868
Effect of foreign exchange rate changes, net	**(8,096)**	16,432
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**643,060**	496,896
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**146,252**	496,896
Non-pledged time deposits	**496,808**	539,600
Cash and cash equivalents as stated in the statement of financial position	**643,060**	1,036,496
Non-pledged time deposits with original maturity of over three months when acquired	**–**	(539,600)
Cash and cash equivalents as stated in the statement of cash flows	**643,600**	496,896

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2020 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2020. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

Except for amendments of HKFRS16 which do not have significant impact to the Group, the nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 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 HKFRS 9 to measure and recognize 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.

The Group has interest-bearing bank borrowing denominated in Renminbi ("**RMB**") based on the People's Bank of China RMB Loan Prime Rate as at 30 June 2021. Since the interest rate of the borrowing was not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rate of the borrowing is replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of the borrowing when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

Non-current assets

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Mainland China	**267,679**	157,135
Hong Kong	**6,363**	6,137
Cayman Islands	**29,922**	31,897
	303,964	195,169

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

4. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Fair value gain on a financial asset at fair value through profit or loss	**(245)**	(6,583)
Fair value gain on financial liabilities at fair value through profit or loss	**(485)**	–
Exchange differences, net	**(2,394)**	(2,040)
Equity-settled share-based payment expense	**–**	34,903

5. INCOME TAX

No Hong Kong profits tax has been made as the Company did not generate any assessable profit during the period (six months ended 30 June 2020: Nil).

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

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

6. DIVIDENDS

No dividend was paid or declared by the board of directors of the Company in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

The calculation of the basic loss per share for the six months ended 30 June 2021 is based on the unaudited consolidated loss for the period attributable to ordinary equity holders of the parent of RMB114,403,000 (six months ended 30 June 2020: RMB80,840,000), and the weighted average number of ordinary shares of 1,001,741,519 (six months ended 30 June 2020: 1,006,240,400) in issue during the period as adjusted to exclude the shares held under the share award scheme of the Company.

Diluted earnings per share equals to basic earnings per share as there were no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB46,272,000 (30 June 2020: RMB5,069,000).

9. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**30 June 2021 *RMB'000 (unaudited)***	31 December 2020 *RMB'000 (audited)*
Structured deposit	*(i)*	**50,245**	–
Unlisted investment, at fair value	*(ii)*	**–**	93,058
		50,245	93,058

Notes:

(i) On 14 May 2021, the Company bought a structured deposit with maturity date of 14 July 2021 amounting to RMB50,000,000. The structured deposit is principal-protected and a minimum rate of return is guaranteed. It is stipulated that the interest rate of the structured deposit is determined by whether the exchange rate meets the specified condition mentioned in the contract on a daily basis. The interest of a structured deposit depends on the performance of a specific benchmark. The structured deposit was mandatory to be classified as financial asset at fair value through profit or loss as its contractual cash flows were not solely payments of principal and interest.

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

On 4 February 2021, the Company (as seller) and Dragon Capital Special Opportunities SPC for and on behalf of its segregated portfolio named Dragon Capital Special Opportunities 2 SP (as purchaser) entered into a contract whereby the Company agreed to sell 775,347.912 units of class A participating shares in China Healthcare Fund (which is a segregated portfolio of New China Overseas Opportunity Fund SPC) at a consideration of HKD110,572,000 (equivalent to RMB92,046,000), representing the net asset value of 775,347.912 units of class A participating shares in China Healthcare Fund as at 31 December 2020. The disposal was completed on 18 February 2021.

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Cash and bank balances	**146,252**	77,606
Time deposits	**517,790**	732,764
	664,042	810,370
Less:		
Pledged deposit for a letter of guarantee	**(180)**	–
Pledged deposit for a foreign exchange contract	**(20,802)**	–
Cash and cash equivalents	**643,060**	810,370
Pledged deposits and cash and cash equivalents:		
Denominated in		
RMB	**488,987**	430,060
USD	**138,600**	347,781
HKD	**36,068**	31,220
Others	**387**	1,309
	664,042	810,370

At the end of the reporting period, the pledged deposits of the group amounted to RMB20,982,000 (31 December 2020: Nil).

11. SHARE CAPITAL

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Issued and fully paid:		
1,006,240,400 (2020: 1,006,240,400) ordinary shares	**1,679,126**	1,679,126

12. COMMITMENTS

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Contracted, but not provided for:		
Plant and machinery	**294,974**	64,260

13. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Operating lease rent from a related party:		
Haikou Pharmaceutical Factory Co., Ltd.	**1,230**	–

(b) Outstanding balances with related parties:

	Note	**30 June 2021**	31 December 2020
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
Other payables and accruals:			
Haikou Pharmaceutical Factory Co., Ltd.	*(i)*	**–**	820
Prepayments:			
Haikou Pharmaceutical Factory Co., Ltd.		**1,250**	–
Lease liabilities:			
Haikou Pharmaceutical Factory Co., Ltd.		**61,116**	23,511

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Short term employee benefits	**4,382**	5,873
Pension scheme contributions	**104**	61
Equity-settled share-based payment expense	**–**	34,903
Total compensation paid to key management personnel	**4,486**	40,837

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

As at 30 June 2021

Financial assets

	Financial assets at amortised cost *RMB'000*	Financial asset at fair value through profit or loss *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables	**3,788**	**–**	**3,788**
Financial asset at fair value through profit or loss	**–**	**50,245**	**50,245**
Pledged deposits	**20,982**	**–**	**20,982**
Cash and cash equivalents	**643,060**	**–**	**643,060**
	667,830	**50,245**	**718,075**

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*	Financial liabilities at fair value through profit or loss *RMB'000*	Total *RMB'000*
Lease liabilities	**77,380**	**–**	**77,380**
Financial liabilities included in other payables and accruals	**29,278**	**–**	**29,278**
Foreign exchange contract	**–**	**–***	**–**
Interest-bearing bank borrowing	**125,543**	**–**	**125,543**
	232,201	**–**	**232,201**

* The fair value of the foreign exchange contract is assessed to be minimal as at 30 June 2021 (31 December 2020: Nil).

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

As at 31 December 2020

Financial assets

	Financial assets at amortised cost *RMB'000*	Financial assets at fair value through profit or loss *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables	4,379	–	4,379
Financial asset at fair value through profit or loss	–	93,058	93,058
Cash and cash equivalents	810,370	–	810,370
	814,749	93,058	907,807

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Lease liabilities	37,377
Financial liabilities included in other payables and accruals	41,375
Interest-bearing bank borrowing	60,461
	139,213

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The following methods and assumptions were used to estimate the fair values:

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

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

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

As at 31 December 2020, the Group had an unlisted investment, which represented a segregated portfolio of China Healthcare Fund. The Group had estimated the fair value of the unlisted investment based on the Group's share of the net asset value of the investment funds. The net asset value of the investment funds comprised mainly equities listed on the Hong Kong Stock Exchange, as well as the stock exchanges in the PRC and the United States. Therefore, management had determined that the net asset value of the investment funds represents the fair value as at the end of each reporting period.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investment	Net asset value	Based on the net asset value of the segregated equity portfolio	HKD100.60 to HKD142.61	1% increase/decrease in net asset value would result in increase/decrease in fair value by RMB930,580

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) ***RMB'000***	**Significant observable inputs (Level 2)** ***RMB'000***	**Significant unobservable inputs (Level 3)** ***RMB'000***	**Total** ***RMB'000***
Financial asset at fair value through profit or loss	**–**	**50,245**	**–**	**50,245**

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial asset at fair value through profit or loss	–	–	93,058	93,058

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liability measured at fair value:

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Foreign exchange contract	–	–*	–	–

* The fair value of the foreign exchange contact is assessed to be minimal as at 30 June 2021. The Group did not have any financial liabilities measure at fair value as at 31 December 2020.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2021.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 23 August 2021.

USE OF PROCEEDS FROM LISTING

On 12 November 2019, Shares were listed on the Stock Exchange and the Company raised net proceeds of HK$1,272.8 million.

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

Details of the planned applications of the net proceeds from the listing (adjusted on a pro-rata basis based on the actual net proceeds) were disclosed in the Prospectus and subsequently revised and disclosed in the Company's announcement dated 22 July 2020. The following table sets out the planned applications of the net proceeds and the actual usage up to 30 June 2021:

Use of proceeds	Planned applications (Note 1) *(HK$ million)*	Actual utilisation up to 30 June 2021 *(HK$ million)*	Unutilised net proceeds as at 30 June 2021 *(HK$ million)*	Expected timeline for full utilisation of the unutilised net proceeds (Note 2)
For the R&D and commercialization of our drug candidates				
For the R&D and commercialization of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; (ii) additional clinical trials to be initiated in the PRC for additional indications; (iii) clinical trials in Australia and the United States; and (iv) New Drug Application registration filings and the commercial launch of SM03	190.9	135.0	55.9	By the end of 2023
To fund pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline	279.4	115.6	163.8	By the end of 2023
To further advance our R&D programmes, expand our R&D team, build our commercialization team, develop our proprietary technology and enhance our full-spectrum platform	42.4	42.3	0.1	By the end of 2021
For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio	84.9	51.1	33.8	N/A (Note 3)
For the construction of our Suzhou production base primarily for the commercial-scale production of our core product SM03				
For the purchase of laboratory equipment, primarily for the R&D of SM03 and potentially for the R&D of other products in our pipeline	85.8	11.2	74.6	By the end of 2021
For the purchase of manufacturing equipment, primarily for the production of SM03	59.7	–	59.7	By the end of 2021

Use of proceeds	Planned applications (Note 1) (HK$ million)	Actual utilisation up to 30 June 2021 (HK$ million)	Unutilised net proceeds as at 30 June 2021 (HK$ million)	Expected timeline for full utilisation of the unutilised net proceeds (Note 2)
For the construction of the Suzhou production base				
For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of rheumatoid arthritis, systemic lupus erythematosus, non-Hodgkin's lymphoma and other potential indications, R&D of SM03 at commercialization to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline	107.6	22.3	85.3	By the end of 2022
For the construction of an upstream production facility and downstream purification facility	88.2	–	88.2	By the end of 2022
For the purchase of land from the Suzhou Dushu Lake Higher Education Town and other expenses related to the expansion of our Suzhou production base	167.9	58.2	109.7	By the end of 2022
For our working capital, expanding internal capabilities and other general corporate purposes	127.2	84.2	43.0 (Note 4)	N/A
Collaboration with D2M Group	38.8	38.8	–	By the end of 2023
Total	1,272.8	558.7	714.1	

Notes:

(1) Planned applications as revised and disclosed in the Company's announcements dated 22 July 2020 and 14 August 2020.

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

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

(4) Costs of HK$78.0 million for the Investment in China Healthcare Fund were returned to this planned application. As disclosed in the Company's announcement dated 4 February 2021 and the 2020 Annual Report, the Investment was disposed of at a consideration of approximately HK$110.6 million. Please refer to the paragraph headed "SIGNIFICANT INVESTMENTS HELD AND DISPOSED" under the section "Management Discussion and Analysis" to this interim report for more details.

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

SHARE INCENTIVES

Restricted Share Unit Scheme

A restricted share unit scheme (the "**RSU Scheme**") was conditionally adopted by the Shareholders on 18 October 2019, with effect from 12 November 2019, the principle terms of which are set out in the section headed "Statutory and General Information – E. Scheme" in Appendix IV of the Company's prospectus dated 31 October 2019. The RSU Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. On 5 March 2020, the Company appointed Computershare Hong Kong Investor Services Limited to manage the RSU Scheme. For the purpose of the operation of the RSU Scheme, on 25 March 2020, Skytech Technology Limited, a company wholly-owned by Dr. Shui On LEUNG, transferred 36,174,400 Shares to Computershare Hong Kong Nominees Limited which holds such Shares for the beneficiaries of the RSU Scheme.

The Company may grant restricted share units ("**RSUs**") to existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of the Group and any person(s) whether or not an employee or officer of the Group whom the Board considers to be able to enhance the operations or value of our Group.

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

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

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

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

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

During the Reporting Period, no RSUs were granted or agreed to be granted under the RSU Scheme.

Other Information

Share Award Scheme

On 4 February 2021 (the "**Adoption Date**"), the Company has adopted a share award scheme as amended from time to time (the "**Share Award Scheme**"). The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

Under the Share Award Scheme, the Board or an authorized person as authorized by the Board for the administration of the Share Award Scheme, may select any eligible person and grant an award (the "**Award**") to the selected participants (the "**Selected Participants**"). Computershare Hong Kong Trustees Limited (the "**Trustee**") has been appointed by the Company as the trustee for the Share Award Scheme. To satisfy an Award, the Company shall transfer to the trust the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price or through manual trades.

The Share Award Scheme will remain in force for a period of 10 years commencing on its Adoption Date.

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

During the Reporting Period, 18,095,500 Shares were purchased by the Trustee from the market at an average price of approximately HK$3.97 (equivalent to RMB3.29) per Share, with an aggregate amount of HK$71,822,420.26 (equivalent to RMB59,460,435.28). During the Reporting Period and as at the date of this interim report, there are 18,095,500 Shares held by the Trustee and no Awards had been granted to any eligible person under the Share Award Scheme.

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

As at 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ chief executive	Capacity/nature of interest[1]	Number of Shares	Approximate percentage of shareholding[2]
Ms. Wenyi LIU[3]	Interest in a controlled corporation and interest of spouse	257,721,040	25.61%
Mr. Jing QIANG[4]	Interest in a controlled corporation and interest of spouse	257,721,040	25.61%
Dr. Shui On LEUNG[5]	Interest in a controlled corporation	157,721,196	15.67%
Mr. Huiyuan MA[6]	Interest of spouse	61,500,740	6.11%

Notes:

(1) All interests stated are long positions.

(2) As at 30 June 2021, the Company had 1,006,240,400 issued Shares.

(3) As at 30 June 2021, 212,889,400 Shares were held by Apricot Capital (上海杏澤投資管理有限公司) through Apricot Oversea Holdings Limited, West Biolake Holdings Limited, Apricot BioScience Holdings, L.P., Le Rong Limited and Zliverland Holdings Limited, which are ultimately controlled by Ms. Liu. Ms. Liu is deemed to be interested in these Shares for the purposes of the SFO. The interest in the other 44,831,640 Shares were held through Grogene Technology Limited which is wholly owned by Mr. Jing QIANG. Ms. Liu is the spouse of Mr. Qiang who is deemed to have an interest in the 44,831,640 Shares for the purposes of the SFO.

(4) Mr. Qiang is the spouse of Ms. Wenyi LIU who is deemed to have an interest in 212,889,400 Shares for the purpose of the SFO. The interest in the other 44,831,640 Shares were held by Grogene Technology Limited, which is wholly owned by Mr. Qiang.

(5) As at 30 June 2021, these Shares were held by Skytech Technology, which is wholly owned by Dr. Leung.

(6) As at 30 June 2021, these Shares were held by Mr. Ma's spouse, Ms. Huimin TIAN, through Forbest Capital Investment Group Limited, in which Mr. Ma is deemed to be interested for the purposes of the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2021, to the best knowledge of the Directors, the following persons/entities (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest[1]	Number of Shares	Approximate percentage of shareholding[2]
Apricot Capital (上海杏澤投資管理有限公司)[5][6][7]	Interest in a controlled corporation	212,889,400	21.16%
Shanghai Yueyi Investment Centre (Limited Partnership)* (上海月溢投資中心(有限合夥))[5][7]	Interest in a controlled corporation	212,889,400	21.16%
Skytech Technology[3]	Beneficial interest	157,721,196	15.67%
Hainan Haiyao Co., Ltd. (海南海藥股份有限公司)[8]	Beneficial interest	158,882,115	15.79%
Apricot Oversea Holdings Limited[5]	Beneficial interest	108,316,600	10.76%
Ms. Sijia XU[9]	Beneficial interest	89,802,105	8.92%
West Biolake Holdings Limited[6]	Beneficial interest	72,349,000	7.19%
For Best Holding Capital Group Investment Inc. [4]	Interest in a controlled corporation	61,500,740	6.11%
Forbest Capital Investment Group Limited[4]	Beneficial interest	61,500,740	6.11%
Ms. Huimin TIAN[4]	Interest in a controlled corporation	61,500,740	6.11%
Mr. Kang WENG[4]	Interest in a controlled corporation	61,500,740	6.11%
Yunnan Baiyao Group Co., Ltd* (雲南白藥集團股份有限公司)	Beneficial interest	51,599,400	5.13%
China Citic Bank Co., Ltd., Haikou Branch[8]	Person having a security interest in Shares	158,882,115	15.79%
Haikou City Rural Credit Cooperatives* (海口市農村信用合作聯社)[9]	Person having a security interest in Shares	51,000,000	5.07%

* *For identification purpose only*

Notes:

(1) All interests stated are long positions.

(2) As at 30 June 2021, the Company had 1,006,240,400 issued Shares.

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

(4) As at 30 June 2021, Forbest Capital Investment Group Limited was wholly held by For Best Holding Capital Group Investment Inc. which was held by Ms. Huimin TIAN and Mr. Kang WENG as to 90% and 10%, respectively. Under the SFO, each of Ms. Tian and Mr. Weng is deemed to be interested in the Shares held by Forbest Capital Investment Group Limited.

(5) Apricot Oversea Holdings Limited is the overseas holding platform of Xingze Xinghe and Shanghai Jianyi Xinghe Startup Investment Center (Limited Partnership)* (上海健益興禾創業投資中心(有限合夥) ("**Jianyi Xinghe**"), holding as to approximately 9.26% and 1.51% of the issued Shares as at 30 June 2021, respectively. Apricot Capital (上海杏澤投資管理有限公司) is the general partner of Jianyi Xinghe. Apricot Capital and Shanghai Yueyi Investment Centre (Limited Partnership)* (上海月溢投資中心(有限合夥)) ("**Yueyi Investment**") are the co-general partners of Xingze Xinghe. For the purpose of the SFO, Apricot Capital and Yueyi Investment are deemed to have an interest in the Shares held by Apricot Oversea Holdings Limited.

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

(7) Save as Apricot Capital's deemed interest in West Biolake Holdings Limited and Apricot Oversea Holdings Limited pursuant to the SFO, Apricot Capital is the general partner of Xingze Xingzhan. Apricot BioScience Holdings, L.P. held approximately 1.31% of the issued Shares as at 30 June 2021. Le Rong Limited and Zliverland Holdings Limited are the overseas holding platforms of Xingze Xingzhan, holding as to approximately 1.09% and 0.80% of the issued Shares as at 30 June 2021, respectively. Apricot Capital was owned by Ms. Wenyi LIU, a non-executive Director, and Shanghai Zuohe Investment Management Co., Ltd.* (上海佐禾投資管理有限公司) ("**Zuohe Investment**") as to 40% and 60%, respectively as at 30 June 2021. Zuohe Investment was owned by Ms. Liu and an independent third party as to 51% and 49% as at 30 June 2021, respectively. For the purpose of the SFO, Ms. Liu is deemed to have an interest in the Shares held by Apricot Capital and Zuohe Investment.

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

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

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

** For identification purpose only*

CHANGES IN DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B (1) of the Listing Rules, the changes in information of the Directors for the six months ended 30 June 2021 and up to the date of this interim report are set out as below:

Name of Director	Details of changes
Executive Director:	
Dr. Shui On LEUNG	• Entitled to an annual remuneration of HK$5,060,000 based on services rendered to the Group, commencing from January 2021. (Note (i))
Independent Non-Executive Directors:	
Mr. Ping Cho Terence HON	• Resigned as an independent non-executive director of Jimu Group Limited, a company listed on the Stock Exchange (stock code: 8187), with effect from 25 May 2021.
Mr. Senlin LIU	• Changed in position from executive director to managing director in CICC Capital Management Co., Ltd.* (中金資本運營有限公司), a subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) which is a company listed on the Stock Exchange (stock code: 3908), with effect from 13 April 2021.

Note:

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

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

CORPORATE GOVERNANCE

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

The Company has complied with all applicable code provisions as set out in the CG Code during the six months ended 30 June 2021, except for code provision A.2.1 as explained below.

Chairman and Chief Executive Officer

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

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

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

NO MATERIAL CHANGES

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

REVIEW OF RESULTS

The Audit Committee currently comprises four independent non-executive Directors being Mr. Ping Cho Terence HON (Chairman), Mr. George William Hunter CAUTHERLEY, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER. Dr. Chi Ming LEE was appointed as a member of the Audit Committee with effect from 15 June 2021.

The Audit Committee has reviewed, alongside the Company's management and external auditor, the accounting principles and policies adopted by the Group, auditing and internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the Reporting Period. The independent review report of the external auditor is set out on page 18 of this interim report.

Definitions

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company" or "our Company"	SinoMab BioScience Limited (中國抗體製藥有限公司), a company incorporated in Hong Kong on 27 April 2001 with limited liability
"connected person"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"FDA"	the United States Food and Drug Administration
"Group" or "our Group"	the Company and its subsidiaries
"HKFRSs"	the Hong Kong Financial Reporting Standards
"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration of the PRC
"Nomination Committee"	the nomination committee of the Company
"PCT"	Patent Cooperation Treaty
"PRC" or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 31 October 2019
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	six months ended 30 June 2021

Definitions

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

** For identification purpose only*