SinoMab BioScience Limited
中國抗體製藥有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 3681)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of SinoMab BioScience Limited (中國抗體製藥有限公司) (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2020 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2019. The condensed consolidated financial statements of the Group for the Reporting Period, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company (the "**Audit Committee**") in conjunction with the Company's external auditor. Unless otherwise specified, figures in this announcement are prepared under the Hong Kong Financial Reporting Standards (the "**HKFRSs**").

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Loss for the period increased by RMB34.5 million from RMB46.3 million for the six months ended 30 June 2019 to RMB80.8 million for the six months ended 30 June 2020, which was mainly due to (i) the increase in administrative expenses of approximately RMB38.0 million mainly arising from the recognition of a non-cash share-based payment (being the grant of restricted share units (the "**RSUs**") under the Company's RSU scheme (the "**RSU Scheme**")); (ii) the increase in research and development ("**R&D**") costs of approximately RMB15.0 million which was aligned with the Group's clinical trial development of SM03, SN1011 and SM17; and (iii) offset by the increase in other income and gains of approximately RMB18.4 million mainly due to bank interest income and the changes in fair value of financial assets through profit or loss.

- Net cash used in investing activities for the Reporting Period was approximately RMB633.7 million, which was mainly due to (i) an investment in China Healthcare Fund Segregated Portfolio (the "**Healthcare Fund**") of approximately RMB69.6 million; (ii) an acquisition of land in Suzhou of approximately RMB16.4 million which was completed on 24 June 2020; (iii) capital expenditures in Hainan and Suzhou of approximately RMB8.1 million to enhance the Group's production capacity; and (iv) an increase in time deposits with maturity over three months of approximately RMB539.6 million for better utilization of the funds raised from the listing.

- The Directors have resolved not to declare an interim dividend for the Reporting Period.

BUSINESS HIGHLIGHTS

- During the Reporting Period, we achieved significant progress with respect to the Group's clinical trial programs, pipeline development and preparation of commercialization, including the following:
  - SM03's Phase III clinical trial interim analysis of safety data was completed in June 2020, which was generally in line with the results of SM03's Phase II clinical trials.
  - An oral presentation titled "Efficacy and safety of SM03, a Recombinant Anti-human CD22 Monoclonal Antibody in Chinese Patients with Rheumatoid Arthritis: A Phase II randomized, double-blind, multi-dose, placebo-controlled study" was made by Professor Zhang Fengchun* (張奉春教授), the leading principal investigator of the Phase II clinical study of SM03, at the European League Against Rheumatism (EULAR, a widely-recognised organisation which represents the people with arthritis/rheumatism, health professionals and scientific societies of rheumatology of all the European nations) 2020 Congress on 5 June 2020.
  - An Investigational New Drug ("**IND**") application (autoimmune disease) for SN1011 was filed on 22 June 2020 and accepted by the Center for Drug Evaluation of the National Medical Products Administration of the People's Republic of China (the "**PRC**") (the "**NMPA**") on 25 June 2020.
- On 24 June 2020, the Company purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, where the Company plans to build its PRC headquarters, an R&D centre and a second production base.
- On 22 July 2020, a research, development and commercialization agreement was entered into between the Company and D2M Biotherapeutics Limited ("**D2M**") for a long-term collaboration for the identification of novel drug targets. The Board believes that the collaboration marks a major step forward for the Company to fulfil the Company's commitment to research, development, manufacturing and commercialization of therapeutics for the treatment of immunological and other debilitating diseases.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

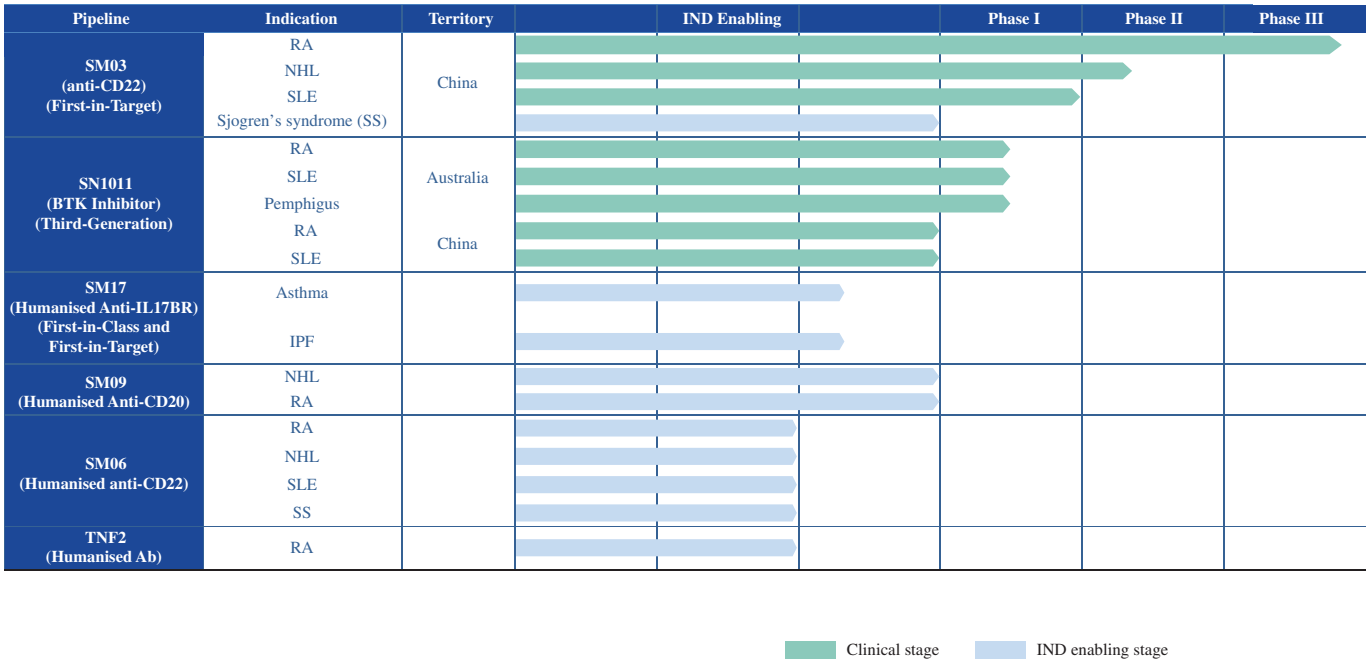
We are the first Hong Kong-based listed biopharmaceutical company dedicated to the research, development, manufacturing and commercialization of therapeutics for the treatment of immunological diseases, primarily monoclonal antibody ("**mAb**")-based biologics. We strive to become a leading global biopharmaceutical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

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

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

Progress of clinical projects

Product pipeline



Flagship product

SM03

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

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

Key products

SN1011

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

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

SM17

The parent antibody of SM17 was originally developed to treat eosinophilic asthma via blockage of IL25 onto the receptor IL17BR expressed on ILC2. The antibody is specific to IL17BR, which is found to be significantly upgraded in biopsy tissues of asthmatic patients. When evaluated in a murine-based Ovalbumin (OVA)-induced Allergic Asthma Model, binding of the antibody to IL17BR blocks receptor signaling which enhanced protection against airways resistance and significantly reduced cell infiltration into the lungs and serum levels of antigen specific immunoglobulin E (IgE). This potential first-in-class and first-in-target antibody was further humanized by the Group's international partner, LifeArc (a medical research charity based in the United Kingdom), using their proprietary humanization technology. The antibody was later found to exhibit other therapeutic potential, including type II ulcerative colitis and idiopathic pulmonary fibrosis ("**IPF**"). In the latter case, the antibody was demonstrated to significantly reduce pulmonary collagen in mice suffering from bleomycin-induced pulmonary fibrosis. The levels of antibody-induced pulmonary collagen reduction were comparable to such achieved in mice treated with pirfenidone.

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

Other drug candidates

SM06

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

SM09

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

TNF2

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

Production

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

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

Intellectual property

Core technology of main drugs (products)

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

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

Well-known or famous trademarks

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

Patents

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

R&D personnel

Education level	Number at the end of the Reporting Period	Number at the beginning of the Reporting Period
Ph.D.	6	6
Master	13	15
Undergraduate or below	13	7
Total number of R&D personnel	32	28
Percentage of R&D personnel to the total number of staff	22%	25%

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

Major government R&D grants, funding, subsidies and tax preference

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

Future and prospects

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

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

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

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

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

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

Clinical development plan

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

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

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

Pre-clinical R&D

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

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

Production

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

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

Commercialization

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

COVID-19

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

FINANCIAL REVIEW

Other income and gains

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

R&D costs

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

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

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

Administrative expenses

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

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

Liquidity and capital resources

As at 30 June 2020, our bank balance and cash totalled RMB1,036.5 million, as compared to RMB1,200.9 million as at 31 December 2019. The decrease was mainly due to (i) an investment in the Healthcare Fund, which is a segregated portfolio of New China Overseas Opportunity Fund SPC ("**New China Overseas**"), of approximately RMB69.6 million (equivalent to HK$78.0 million); (ii) a settlement of listing fees of approximately RMB54.5 million; (iii) the acquisition of land in Suzhou of approximately RMB16.4 million; and (iv) cash used in operations including the payment of intellectual property transfer fees amounting to approximately RMB20.0 million.

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

	Six months ended 30 June	
	2020	2019
	RMB' 000	*RMB' 000*
	(unaudited)	(unaudited)
Net cash flows used in operating activities	**(73,924)**	(26,864)
Net cash flows used in investing activities	**(633,666)**	(21,783)
Net cash flows (used in)/from financing activities	**(12,814)**	171,700
Net (decrease)/increase in cash and cash equivalents	**(720,404)**	123,053
Cash and cash equivalents at the beginning of the period	**1,200,868**	41,512
Effect of foreign exchange rate changes, net	**16,432**	611
Cash and cash equivalents at the end of the period	**496,896**	165,176

	Six months ended 30 June	
	2020	2019
	RMB' 000	*RMB' 000*
	(unaudited)	(unaudited)
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of financial position	**1,036,496**	165,176
Non-pledged time deposits with original maturity of over three months when acquired	**(539,600)**	–
	496,896	165,176

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

Significant investments held

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

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

The Company made an investment amounting to HK$78.0 million in the Investment on 22 January 2020. As at 30 June 2020, the fair value of the Investment amounted to approximately RMB77.9 million (equivalent to approximately HK$85.3 million) which represented approximately 6.38% to the total assets of the Company.

Based on the performance of the Healthcare Fund since its establishment in 2015, the average annualised rate of return is approximately 2.37% per annum. The Healthcare Fund yielded a steady return of approximately 9% for the six months ended 30 June 2020 despite the weak global economy, social unrest and the trade war between China and the United States, as the fund manager focused on investing in equities mainly in the healthcare industry that the fund manager believed would have high growth rates, reasonable valuations and strong track records.

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

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

Change in use of proceeds

As further disclosed in the section headed "Global offering and use of proceeds" below, the Board has resolved to change the use of the unutilised net proceeds. The change in use of proceeds was made in light of a strategic collaboration with D2M for a long-term collaboration for the identification of novel drug targets (the "**Collaboration**").

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

Global offering and use of proceeds

On 12 November 2019, the Company's 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 revised applications of the net proceeds and the actual usage up to 30 June 2020.

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

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

Notes:

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") 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 and to the date of this announcement.

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS

The financial information relating to the year ended 31 December 2019 included in this preliminary results announcement 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 these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

- The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2019. The auditor's reports was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

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 Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2020.

The Board is of the view that during the six months ended 30 June 2020, the Company has complied with all applicable code provisions as set out in the CG Code, save for the deviation as disclosed below.

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

INTERIM DIVIDENDS

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2020 (2019: nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Other income and gains		**18,659**	217
Research and development costs		**(47,816)**	(32,780)
Administrative expenses		**(50,030)**	(12,019)
Finance costs		**(1,524)**	(1,305)
Other expenses		**(129)**	(459)
LOSS BEFORE TAX		**(80,840)**	(46,346)
Income tax expenses	*3*	**–**	–
LOSS FOR THE PERIOD		**(80,840)**	(46,346)
Attributable to:			
Owners of the parent		**(80,840)**	(46,346)
Non-controlling interests		**–**	–
		(80,840)	(46,346)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*4*	**0.08**	0.06

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	**30 June 2020** ***RMB'000*** **(unaudited)**	31 December 2019 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**20,646**	17,077
Right-of-use assets		**37,706**	25,091
Other non-current assets		**31,971**	26,955
Total non-current assets		**90,323**	69,123
CURRENT ASSETS			
Prepayments, deposits and other receivables		**17,085**	14,174
Financial assets at fair value through profit or loss	*6*	**77,902**	–
Cash and cash equivalents		**1,036,496**	1,200,868
Total current assets		**1,131,483**	1,215,042
CURRENT LIABILITIES			
Other payables and accruals		**26,887**	98,635
Lease liabilities		**11,787**	8,040
Interest-bearing bank borrowings		**2,500**	–
Total current liabilities		**41,174**	106,675
NET CURRENT ASSETS		**1,090,309**	1,108,367
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,180,632**	1,177,490
NON-CURRENT LIABILITIES			
Lease liabilities		**20,423**	25,292
Interest-bearing bank borrowings		**55,944**	20,282
Total non-current liabilities		**76,367**	45,574
Net assets		**1,104,265**	1,131,916
EQUITY			
Equity attributable to owners of the parent			
Share capital	*7*	**1,679,126**	1,679,126
Reserves		**(574,861)**	(547,210)
Total equity		**1,104,265**	1,131,916

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2019 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2019. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

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

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

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

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

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

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

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

3. INCOME TAX

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

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

Under the Law of the PRC of Enterprise Income Tax (the "**EIT Law**") and 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 for as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the interim condensed consolidated financial statements.

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

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

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

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

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

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

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

5. DIVIDENDS

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

7. SHARE CAPITAL

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

REVIEW OF INTERIM RESULTS

The independent auditor of the Company, Ernst & Young, has reviewed the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises four independent non-executive Directors being Mr. Ping Cho Terence HON, Mr. George William Hunter CAUTHERLEY, Mr. Michael James Connolly HOGAN and Mr. Dylan Carlo TINKER. The chairman of the Audit Committee is Mr. Ping Cho Terence HON. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended 30 June 2020) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

PUBLICATION OF CONDENSED CONSOLIDATED INTERIM RESULTS AND 2020 INTERIM REPORT ON WEBSITES OF STOCK EXCHANGE AND COMPANY

This interim results announcement is published on the websites of the Company (www.sinomab.com) and the Stock Exchange (www.hkexnews.hk). The 2020 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of
SinoMab BioScience Limited
Dr. Shui On LEUNG
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 24 August 2020

As at the date of this announcement, the executive Directors are Dr. Shui On LEUNG and Mr. Jing QIANG, the non-executive Directors are Dr. Haigang CHEN, Mr. Xun DONG, Mr. Senlin LIU, Ms. Wenyi LIU and Mr. Huiyuan MA, and the independent non-executive Directors are Mr. George William Hunter CAUTHERLEY, Mr. Michael James Connolly HOGAN, Mr. Ping Cho Terence HON and Mr. Dylan Carlo TINKER.