Immunotech Biopharm Ltd

永泰生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6978)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	For the six months ended 30 June		
	2020	2019	Change
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	(unaudited)	
Other income	**975**	699	39.5
Other gains and losses, net	**2,878**	36	7,894.4
Fair value loss of convertible redeemable preference shares	**(19,415)**	(386)	4,929.8
Business development expenses	**–**	(569)	(100.0)
Administrative expenses	**(27,247)**	(12,250)	122.4
Research and development expenses	**(94,955)**	(23,384)	306.1
Finance costs	**(1,117)**	(1,039)	7.5
Listing expenses	**(35,004)**	(6,389)	447.9
Other expenses	**(182)**	(7,251)	(97.5)
Loss before tax	**(174,067)**	(50,533)	244.5
Income tax expense	**–**	–	–
Loss and total comprehensive expenses for the period	**(174,067)**	(50,533)	244.5
Loss and total comprehensive expenses for the period attributable to:			
Owners of the Company	**(174,019)**	(50,445)	245.0
Non-controlling interests	**(48)**	(88)	(45.5)
Loss per share	***RMB***	*RMB*	
– Basic	**(0.46)**	(0.13)	
– Diluted	**(0.46)**	(0.13)	

	At 30 June 2020 ***RMB'000*** **(unaudited)**	At 31 December 2019 *RMB'000* (audited)	Change *(%)*
Non-current assets	**156,545**	108,821	43.9
Current assets	**207,925**	308,150	(32.5)
Current liabilities	**254,954**	206,170	23.7
Net current (liabilities)/assets	**(47,029)**	101,980	(146.1)
Non-current liabilities	**38,135**	40,466	(5.8)
Net assets	**71,381**	170,335	(58.1)

The board (the "**Board**") of directors (the "**Directors**") of Immunotech Biopharm Ltd (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**"), together with the comparative figures for 2019, as follows:

CORPORATE PROFILE

Overview

We are a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for over 13 years. EAL® – our Core Product Candidate – is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application, and has shown efficacy in the treatment of various types of cancer. Our EAL®-related research began in 2006, and we have improved upon our cell culture system and methods, and developed our proprietary, patented technology platform for the production of EAL® cells.

We have selected the prevention of postsurgical recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. We plan to submit the application for the commercialisation of EAL® in the PRC market after achieving statistically significant result for its clinical trials.

Our product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL®, our main product candidates include the CAR-T cell series and the TCR-T cell series.

Composed of experienced cancer immunologists, our core technology team is equipped with industry foresight and sensitivity. Our R&D organisational structure encompasses early research, pre-clinical studies, clinical studies, and commercialised production and management, allowing for rapid implementation of our product R&D efforts.

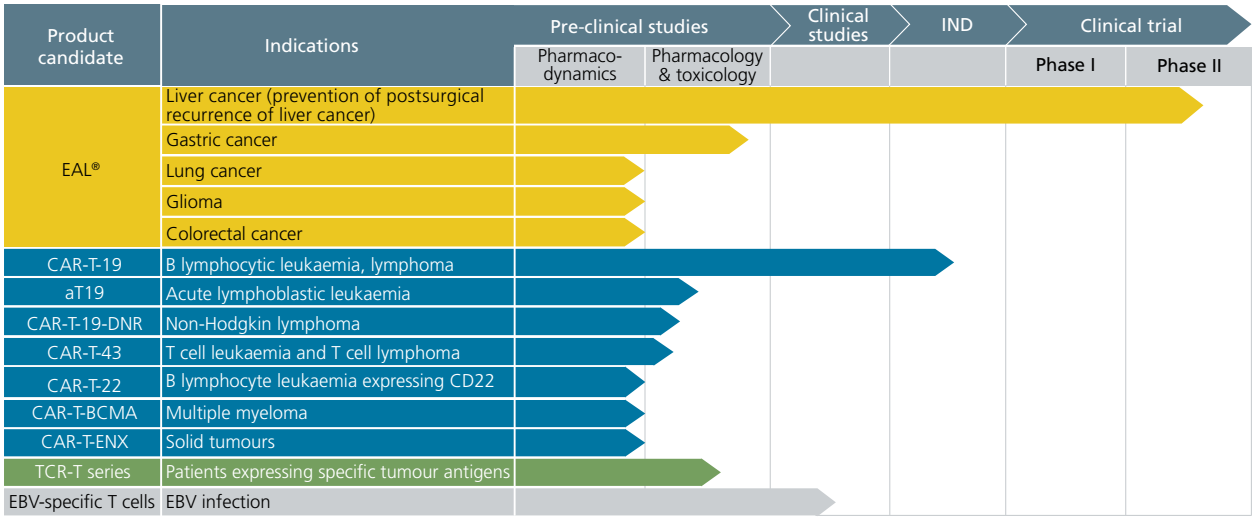
We have also established technology platforms necessary for the R&D of cellular immunotherapy products and in place an organisational and management platform for clinical trials.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Research and development of our product candidates

The table sets out below is an overview of our product candidates and their R&D status as at the date of this announcement:



Cautionary statement required by Rule 18A.08(3) of the Listing Rules: We may not be able to ultimately develop and market our product candidates (including Core Products) successfully.

EAL®

EAL® is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using our patented methods. The main active component of the product is CD8+ cytotoxic T cells, whose surface marker is the CD3 molecule.

EAL® is undergoing Phase II clinical trial with the postsurgical recurrence of liver cancer selected as the clinical indication. Based on our communications with the CDE, we may apply for marketing approval for EAL® indicated for the prevention of postsurgical recurrence of liver cancer using the interim results of the ongoing clinical trial or the final results at the end of the clinical trial if such results are statistically significant. We may further communicate with the CDE to facilitate the assessment after obtaining clinical trial results that support the efficacy of EAL®.

The outbreak of COVID-19 resulted in a suspension of the enrolment of subjects and the administration of EAL® for enrolled subjects for the Phase II clinical trial for EAL® since late January 2020 although our follow-up with subjects via phone calls have not been affected. Since March 2020, we had started to resume the enrolment of subjects and the administration of EAL® for enrolled subjects for Phase II clinical trial for EAL®. According to the clinical trial protocol, the maximum duration between two infusions of EAL® administered to subjects is eight weeks. As a result, due to the suspension of the clinical trial, data from no more than 35 subjects may be excluded, the calculation of which is based on the minimum duration of suspension of eight weeks and lower than 12 times of infusions. The 35 subjects will remain under our observation during the clinical trial for at least 12 months since March 2020 before we can ascertain whether the suspension has resulted in any statistically significant impact on their clinical trials. We do not expect the maximum number of 35 subjects to further increase because the other subjects we have do not experience any suspension for more than eight weeks or they have already at least 12 times of infusions, and therefore, comply with the clinical trial protocol. In the second half of 2019, approximately 20 to 30 subjects per month were enrolled in the Phase II clinical trial for EAL®. As at the date of this announcement, we had obtained ethical committee's approval from 14 medical institutions for the clinical trial for EAL®. Based on the overall capacity of the 14 medical institutions that can facilitate the clinical trial of EAL®, it is estimated that more than 30 subjects per month will be enrolled in the Phase II clinical trial for EAL® in the second half of 2020.

In addition, as at the date of this announcement, 186 patients had been enrolled in the Phase II clinical trial for EAL®, which did not take into account any impact from the maximum number of 35 subjects whose data may be excluded due to the suspension of the clinical trial. It is expected that the remaining 86 patients will be enrolled in the Phase II clinical trial for EAL® by the end of 2020. We believe we will identify and complete the targeted patient enrollment of 272 postsurgical liver cancer patients in the PRC in accordance with our clinical trial protocol. Thus, the potential exclusion of no more than 35 subjects and the outbreak of COVID-19 will not delay our plan of completing the recruitment of 272 patients for the Phase II clinical trial for EAL® in the second half of 2020, the interim data analysis by the first half of 2021, and the submission to the NMPA for marketing approval. Save as disclosed in this announcement, we do not expect the outbreak of COVID-19 to have any other material impact on the clinical trial for EAL®.

CAR-T cell product pipeline

The CAR-T-19 series forms the core of our CAR-T cell product pipeline. Our CAR-T-19 injection product candidate has shown efficacy in a clinical study, and our IND application for the product candidate with B-cell acute lymphoblastic leukaemia (B-ALL) as the clinical indication was accepted for processing by the CDE in August 2019. We received feedback from the CDE in November 2019, which suggested us to supplement some materials relating to pre-clinical studies. We have initiated supplemental research based on the CDE's feedback. We expect to submit the supplemental research materials by September 2020 to complete the IND application. Subject to the CDE's consent, we expect to begin the clinical trial of the product candidate by the end of 2020.

Based on the technology of the CAR-T-19 injection, our CAR-T-19-DNR injection and aT19 injection product candidates have the ultimate goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence. If verified, the technology underlying these two product candidates may be used in the genetic modification of other CAR-T and TCR-T cell products targeting solid tumours.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. We use our established single-cell sequencing-based technology platform to obtain different HLA-restricted T cell receptor (TCR) coding sequences for specific antigens. Subsequently, the TCR genes are inserted into our self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model. In this way, we hope to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA can be recognised.

With a view of overcoming the immunosuppressive mechanisms of tumours, we have constructed expression vectors that co-express TCR and CXCR3, IL-12, or TGF–ß DNR, and we plan to use transplanted tumour models to investigate their effects on the therapeutic effect of TCR-T cells, thereby laying the foundation for the development of the next generation of TCR-T cell products for the treatment of solid tumours.

We have a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target antigens including the cancer-testis antigen or cancer-placental antigen such as NY-ESO-1, and antigens derived from viruses such as EBV and HPV.

The Group's facilities

We have a total area of more than 7,500 square metres for R&D and manufacturing in Beijing. Such facilities are capable of supporting our pre-clinical and clinical R&D of cellular immunotherapy product candidates, as well as the early production needs upon marketing approval for our product candidates. All these facilities have been issued clean facility (area) inspection reports by the Beijing Institute for Drug Control. Our Guosheng Laboratory in Beijing has the capacity to handle approximately 40,000 samples per year, and can satisfy the needs from the clinical trials for our product pipeline for two to three years, as well as the early production needs from the commercialisation of EAL®. In addition, we have established a research centre in the Republic of Korea primarily focusing on the development of new technologies relevant to our business.

In order to expedite our clinical trials and prepare for future commercialisation roadmap, we are planning to establish R&D and production centres in cities such as Beijing, Shanghai and Guangzhou, covering densely-populated areas in China in view of the six-hour transportation radius for EAL®. We expect to complete relevant construction work by the end of 2021.

Quality assurance

We have formulated our quality management documentation in accordance with GMP, covering production process procedures, product quality standards, equipment and facilities operation procedures, inspection procedures, sample retention and sampling management procedures, personnel training, environmental monitoring, verification and confirmation, deviation inspection, and quality risk control management procedures. We have standardised the selection, purchase, inspection, release, production process, inspection process, product storage, and transportation of the materials used in the products to ensure full compliance with relevant laws and regulations and GMP requirements. Under our quality management procedures, final products can be released only after quality inspection in order to ensure that the products meet the relevant standards and intended use.

In particular, the production of EAL® has achieved standardisation, and we have developed comprehensive standards in relation to the production process in order to ensure that the product is of consistent quality.

To ensure that our final products meet quality standards, all quality issues during the production process are documented, escalated to, and reviewed by senior management. We also conduct a formal risk assessment and justification in accordance with the standards and procedures under our quality management system and policies.

The head of our quality department reports directly to our CEO. There are three sub-teams within the quality department responsible for quality assurance, quality control, and R&D quality management respectively. As at 30 June 2020, we had 51 staff members in our quality department.

Future and outlook

Expedite the clinical trial and prepare for commercialisation of EAL®

We plan to further increase investment into expanding the geographical regions in which to conduct the ongoing Phase II clinical trial for EAL®, with a view of expediting subject enrolment and data collection, and at the same time preparing for future commercialisation.

Cellular immunotherapy products are subject to diminishing cell activity once taken out of the laboratory. We are planning to establish R&D and production centres in cities such as Shanghai and Guangzhou, covering densely-populated areas in China in view of the six-hour transportation radius for EAL®. After establishing our presence in Shanghai and Guangzhou, we plan to build production centres in other major cities such as Chengdu, Wuhan, Xi'an and Shenyang. As at the date of this announcement, we had started identifying suitable sites in Shanghai, Guangzhou, and a few other major cities.

The first patient for the Phase II clinical trial for EAL® was enrolled in September 2018, and 186 patients had been enrolled as at the date of this announcement. We target to complete the enrolment of all subjects in the second half of 2020, and finish the interim data analysis by the first half of 2021 and submit to the NMPA for conditional marketing approval.

Expedite the research into the expansion of indications for EAL®

We intend to initiate clinical research on the expansion of indications for EAL®. Several clinical studies have shown the efficacy of EAL® in the treatment of various types of tumours other than liver cancer. After obtaining the marketing approval for EAL®, we plan to expand its clinical indications to diseases such as lung cancer, gastric cancer, and acute myeloid leukaemia.

According to the clinical application data of Guoqing Zhang et al from Chinese PLA General Hospital (中國人民解放軍總醫院), in respect of 84 patients with stage IIIc-IV gastric cancer consisting of 42 patients who received more than six EAL® infusions and 42 patients with concurrent control, the overall survival (OS) of the EAL®-treated group was 27.0 months, while that of the control group was 13.9 months. In another study by Zhang et al on small cell lung cancer, there were 32 patients consisting of 16 for the EAL®-treated group and 16 for the control group. The patients in the EAL®-treated group were each treated with more than six EAL® infusions, and the OS in the EAL®-treated group was numerically longer than that in the control group.

Advance the pre-clinical studies for pipeline products, and accelerate their entry into clinical trials

We plan to continue to invest into our CAR-T and TCR-T cell product pipelines. In particular, pharmacodynamic studies have been completed in respect of our NY-ESO-1 TCR-T, CAR-T-19-DNR, and aT19 product candidates and they are targeted to enter clinical trials by the end of 2021.

In the area of overcoming the immunosuppressive mechanisms of tumours, we intend to continue our research into multiple genetic modification methods aiming at affecting the signal pathway for T cells, with a view of increasing the T cells' efficacy in killing tumour cells. We expect that CAR-T-19-DNR, which targets immunosuppressive molecule TGF-ß, will be our first product candidate to enter into clinical study. We plan to validate the product candidate's primary safety and efficacy a researcher-initiated clinical study programme and the programme has been granted the ethical approval by the China Ethics Committee of Registering Clinical Trials.

Targeting the prevention of recurrence after cellular immunotherapy, we are conducting R&D on therapeutic strategies adopting different immune mechanisms and different immune cells, with a view to achieving effective induction of tumour antigen-specific immunological memory cells and long-term remission of tumours. Our first product candidate in this category is the aT19 injection.

Enhance our technology platform and strengthen our product pipeline

As always, we will be committed to continuing our studies on cellular immunotherapy products appropriate for different tumour types and stages with improved efficacy compared to currently-available products.

In the area of solid tumours caused by oncogenic viruses such as nasopharyngeal cancer (EBV) and cervical cancer (HPV), we are conducting research into TCR-T cell products targeting solid tumour cells expressing virus antigens.

In the area of neoantigens formed from tumour mutations in solid tumours, we intend to identify antigen-specific TCRs suitable for different individuals, with a view to ultimately constructing a gene database for TCRs targeting tumour neoantigens in an effort to conduct research into molecule-specific TCR-T cell products for the treatment of solid tumours.

Develop viral vector production and early-stage R&D services business

The viral vector production system we have established meets the pharmaceutical production quality standards under GMP requirements. The viral vectors that we have produced meet the requirements for biological products and can be produced in scale. At present, domestic CAR-T cells companies often order viral vectors from abroad.

Due to their high degrees of individualisation and their nature as biological active products, cellular immunotherapy products are subject to research and development carried out through a systematic technology platform covering cell preparation, cell quality control, cell potency studies, cell safety studies, etc. In the absence of such platform, the productisation of the cells would be difficult. Through the research on a variety of products, including non-genetically-modified and genetically-modified cellular immunotherapy products, we have established a systematic technology platform for the research and development of cellular immunotherapy products, and we can provide customised services according to customer needs.

Expand strategic collaboration and explore acquisition opportunities on the basis of organic growth

As an open and forward-looking immune cell technology R&D company, we intend to expand strategic collaboration and explore acquisition opportunities on the basis of our organic growth, in order to quickly expand our product pipeline covering the treatment of both solid and non-solid tumours. With a view to further enhancing our product pipeline, we intend to continue looking for new potential cellular immunotherapy products by expanding strategic cooperation and identifying potential acquisition targets possessing products with clear professional prospects.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the interim condensed consolidated financial information, which is unaudited but has been reviewed by the Audit Committee.

FINANCIAL REVIEW

The following table summarises our results of operations for the six months ended 30 June 2020 and 2019:

	For the six months ended 30 June			
	2020	2019	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
	(unaudited)	(unaudited)		
Other income	**975**	699	276	39.5
Other gains and losses, net	**2,878**	36	2,842	7,894.4
Fair value loss of convertible redeemable preference shares	**(19,415)**	(386)	(19,029)	4,929.8
Business development expenses	**–**	(569)	569	(100.0)
Administrative expenses	**(27,247)**	(12,250)	(14,997)	122.4
Research and development expenses	**(94,955)**	(23,384)	(71,571)	306.1
Finance costs	**(1,117)**	(1,039)	(78)	7.5
Listing expenses	**(35,004)**	(6,389)	(28,615)	447.9
Other expenses	**(182)**	(7,251)	7,069	(97.5)
Loss before tax	**(174,067)**	(50,533)	(123,534)	244.5
Income tax expense	**–**	–	–	–
Loss and total comprehensive expenses for the period	**(174,067)**	(50,533)	(123,534)	244.5
Loss and total comprehensive expenses for the period attributable to:				
Owners of the Company	**(174,019)**	(50,445)	(123,574)	245.0
Non-controlling interests	**(48)**	(88)	40	(45.5)
Loss per share	***RMB***	*RMB*		
– Basic	**(0.46)**	(0.13)		
– Diluted	**(0.46)**	(0.13)		

Other gains and losses, net

Net other gains of the Group increased by approximately 7,894.4% from approximately RMB36,000 for the six months ended 30 June 2019 to approximately RMB2.9 million for the six months ended 30 June 2020, which was primarily because foreign exchange gains denominated in Hong Kong dollars as a result of the significant appreciation of Hong Kong dollars against RMB held by the Group during the Reporting Period and we did not incur impairment loss on intangible assets for the six months ended 30 June 2020 (compared to approximately RMB1.7 million for the six months ended 30 June 2019, which was due to that management of the Group determined to put on hold the clinical trial for 6B11-OCIK, and therefore the remaining balance of associated acquired clinical trial permission recognised as an intangible asset was fully impaired).

Our net other gains and losses for the Reporting Period only consisted of exchange gains and losses.

Fair value loss of convertible redeemable preference shares

Our recognised fair value loss of convertible redeemable preference shares increased by approximately 4,929.8% from approximately RMB0.4 million for the six months ended 30 June 2019 to approximately RMB19.4 million for the six months ended 30 June 2020, which was primarily due to the increases in valuation of issued Convertible Preference Shares prior to Listing.

Business development expenses

We did not incur business development expenses for the six months ended 30 June 2020 (compared to approximately RMB0.6 million for the six months ended 30 June 2019), which was primarily due to larger scale of Phase II clinical trial for EAL® from May 2019 based on which we reclassified all the business development expenses relevant to such clinical trial to our research and development expenses from May 2019.

Administrative expense

Administrative expense of the Group increased by approximately 122.4% from approximately RMB12.3 million for the six months ended 30 June 2019 to approximately RMB27.2 million for the six months ended 30 June 2020, which was primarily due to the increase in staff costs as a result of the increase in headcount of employees and the impact of share options offered to the Directors and employees of the Group.

The Group's administrative expenses primarily include staff costs, professional fees including fees paid to contractors and recruiters, depreciation expenses of our right-of-use assets for our leases, vehicles and office equipment, travel and hospitality fees and others.

Research and development expenses

Research and development expenses of the Group increased by approximately 306.1% from approximately RMB23.4 million for the six months ended 30 June 2019 to approximately RMB95.0 million for the six months ended 30 June 2020, which was primarily due to the impact of share options offered to the research and development staffs and the increase in headcount of research and development staffs, and increase in expenses of raw materials during the Reporting Period.

The table below sets out a breakdown of our research and development expenses for the periods indicated:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Raw material costs	**6,755**	3,883
Staff costs	**13,839**	7,394
Share option costs	**60,811**	–
Contracting costs	**4,600**	5,924
Depreciation and amortisation	**4,904**	3,808
Others	**4,046**	2,375
Total	**94,955**	23,384

Listing expenses

Listing expenses of the Group increased by approximately 447.9% from approximately RMB6.4 million for the six months ended 30 June 2019 to approximately RMB35.0 million for the six months ended 30 June 2020 in line with the progress of the Listing.

Loss before tax

For the above reasons, the loss before tax of the Group increased by approximately 244.5% from approximately RMB50.5 million for the six months ended 30 June 2019 to approximately RMB174.1 million for the six months ended 30 June 2020.

Income tax expenses

For the six months ended 30 June 2020, we are not subject to any income tax in the Cayman Islands. No Hong Kong profit tax was provided for as there was no estimated assessable profit of our Hong Kong subsidiary, which was subject to Hong Kong profit tax during the Reporting Period. Our subsidiaries located in the PRC, were generally subject to the statutory enterprise income tax at a rate of 25% on the assessable profits according to the PRC Enterprise Income Tax Law. Our PRC subsidiaries, Beijing Yongtai was accredited as a High And New Technology Enterprise for a three-year period commencing from 31 October 2018. Accordingly, Beijing Yongtai enjoyed a lower tax rate of 15% during the Reporting Period.

Liquidity and capital resources

Our bank balances and cash decreased by approximately RMB108.0 million from approximately RMB282.2 million at 31 December 2019 to approximately RMB174.2 million at 30 June 2020, which was primarily due to the impacts of recognition of right-of-use assets in the amount of approximately RMB50.1 million because the Group entered into a new lease agreement for the use of leasehold land for the construction of laboratory with lease term of 20 years, and operating expenses in the amount of RMB50.6 million for the Reporting Period.

INDEBTEDNESS

Lease liabilities

As at 30 June 2020, our lease liabilities were approximately RMB37.0 million. The lease liabilities were secured by rental deposits and unguaranteed.

Convertible Preference Shares

On 3 June 2019, we entered into the Preference Share Subscription Agreement, pursuant to which, Poly Platinum subscribed for 5,000 Convertible Preference Shares for a consideration of HK$200 million. As at 31 December 2019, the carrying amounts of the Convertible Preference Shares were approximately RMB172.1 million and as at 30 June 2020, the carrying amounts of the Convertible Preference Shares were approximately RMB191.5 million, which included the initial proceeds received on issuance of the Convertible Preference Shares and their subsequent fair value changes. The Convertible Preference Shares were secured by shares of the Company held by each of Tan Zheng Ltd and Tan Xiao Yang Ltd and guaranteed by each of Mr Tan, Tan Xiaoyang, Zhang Junzheng, Ma Xiaoou, Song Aiping, Ke Shaobin, Wang Shuhui, Li Yunhui, Tan Yueyue and Wang Yuning.

Contingent liabilities, charge of assets and guarantees

Save as disclosed above, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, lease liabilities, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities as at 30 June 2020.

CAPITAL STRUCTURE

The Shares of the Company were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 Shares of the Company were issued at the offer price of HK$11.00 per share by way of Global Offering.

Subsequently, the Company announced that the Over-allotment Option described in the Prospectus was partially exercised by the Joint Representatives, on behalf of the International Underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global

Offering before any exercise of the Over-allotment Option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the Stock Borrowing Agreement which were used to cover over-allocations in the International Offering. There was no changes in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares. As at the date of this announcement, the total issued share capital of the Company was US$514,584 divided into 514,584,000 shares.

The capital structure of the Group was 80.42% debt and 19.58% equity as at 30 June 2020, compared with 59.15% debt and 40.85% equity as at 31 December 2019.

FOREIGN EXCHANGE

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

SELECTED FINANCIAL RATIO

The following table sets out certain selected financial ratios as at the balance sheet dates indicated:

	As at 30 June 2020 *(%)* **(unaudited)**	As at 31 December 2019 *(%)* (unaudited)
Current ratio	**0.82**	1.49
Quick ratio	**0.80**	1.47

Notes:

(1) Current ratio equals current assets divided by current liabilities as at the end of the period.

(2) Quick ratio equals (a) current assets less inventories divided by (b) current liabilities as at the end of the period.

Our current ratio decreased from 1.49 as at 31 December 2019 to 0.82 as at 30 June 2020 and our quick ratio decreased from 1.47 as at 31 December 2019 to 0.80 as at 30 June 2020 primarily due to that bank balances and cash of the Group decreased from approximately RMB282.2 million as at 31 December 2019 to approximately RMB174.2 million as at 30 June 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Other income		**975**	699
Other gains and losses, net	*5*	**2,878**	36
Fair value loss of convertible redeemable preference shares		**(19,415)**	(386)
Business development expenses		**–**	(569)
Administrative expenses		**(27,247)**	(12,250)
Research and development expenses		**(94,955)**	(23,384)
Finance costs		**(1,117)**	(1,039)
Listing expenses		**(35,004)**	(6,389)
Other expenses		**(182)**	(7,251)
Loss before tax		**(174,067)**	(50,533)
Income tax expense	*6*	**–**	–
Loss and total comprehensive expenses for the period	*7*	**(174,067)**	(50,533)
Loss and total comprehensive expenses for the period attributable to:			
Owners of the Company		**(174,019)**	(50,445)
Non-controlling interests		**(48)**	(88)
		(174,067)	(50,533)
Loss per share (RMB)	*9*		
Basic		**(0.46)**	(0.13)
Diluted		**(0.46)**	(0.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**131,641**	85,350
Intangible assets		**7,821**	7,767
Prepayments, deposits and other receivables	*11*	**15,724**	14,216
Contract costs		**1,359**	1,488
		156,545	108,821
CURRENT ASSETS			
Contract costs		**256**	256
Inventories		**3,562**	4,810
Amount due from a related party		**–**	750
Prepayments, deposits and other receivables	*11*	**29,878**	20,087
Bank balances and cash		**174,229**	282,247
		207,925	308,150
CURRENT LIABILITIES			
Contract liabilities		**710**	710
Trade and other payables	*12*	**53,007**	23,134
Lease liabilities		**3,717**	3,786
Deferred government grants		**5,998**	6,433
Convertible redeemable preference shares		**191,522**	172,107
		254,954	206,170
NET CURRENT (LIABILITIES)/ASSETS		**(47,029)**	101,980
TOTAL ASSETS LESS CURRENT LIABILITIES		**109,516**	210,801

	Note	As at 30 June 2020 *RMB'000* (unaudited)	As at 31 December 2019 *RMB'000* (audited)
NON-CURRENT LIABILITIES			
Contract liabilities		**3,759**	4,114
Lease liabilities		**33,305**	35,214
Deferred government grants		**1,071**	1,138
		38,135	40,466
NET ASSETS		**71,381**	170,335
CAPITAL AND RESERVES			
Share capital	*13*	**677**	677
Reserves		**69,359**	168,265
Equity attributable to owners of the Company		**70,036**	168,942
Non-controlling interests		**1,345**	1,393
TOTAL EQUITY		**71,381**	170,335

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

1. GENERAL INFORMATION AND SIGNIFICANT EVENTS IN THE CURRENT INTERIM PERIOD

Immunotech Biopharm Ltd (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 11 April 2018. Its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 10 July 2020.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries.

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "**Group**"). The Group had suspended the enrolment of new patients and treatment to existing patients for its phase II clinical trial of the Group's core product candidate, namely expanded activated lymphocytes ("**EAL**"), since late January 2020 and did not resume its clinical trial for EAL until March 2020. The disruptions may delay the clinical studies and may ultimately result in a delay in the product launch. The local government has announced some supports for corporates to overcome the negative impact from the pandemic and the Group's PRC subsidiaries were exempted from paying the basic pension, unemployment and work-related injury insurances for their employees from February 2020 to December 2020.

2. BASIS OF PREPARATION

As at 30 June 2020, the Group's current liabilities exceeded its total current assets by RMB47,029,000. Having considered the proceeds from the initial public offering ("**IPO**") and the conversion of the convertible redeemable preference shares into ordinary shares, the directors of the Company (the "**Directors**") are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the convertible redeemable preference shares that are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's financial statements for each of the two years ended 31 December 2019 underlying the preparation of historical financial information included in the Accountants' Report presented in the prospectus of the Company dated 29 June 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "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, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

4. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

Geographical information

The Group did not record any revenue during the six months ended 30 June 2020 (six months ended 30 June 2019: nil), and over 90% of the Group's non-current assets are located in the PRC, accordingly, no analysis of geographical segment is presented.

5. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Exchange gain, net	**2,878**	1,071
Fair value gains on financial assets at FVTPL	**–**	776
Impairment loss on intangible assets	**–**	(1,714)
Others	**–**	(97)
Total	**2,878**	36

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current PRC corporate income tax	**–**	–

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company's PRC subsidiaries is 25%.

Immunotech Applied Science Limited* (北京永泰生物制品有限公司) ("**Beijing Yongtai**") has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 31 October 2018 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate. Accordingly, the profits derived by the subsidiary is subject to 15% EIT rate for the six months ended 30 June 2020 (six months ended 30 June 2019: 15%).

No provision for PRC income tax was made as the Group's PRC subsidiaries incurred tax losses for both periods.

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profit tax.

As at 30 June 2020, the Group had estimated unused tax losses of approximately RMB279,884,000 (31 December 2019: RMB207,115,000) which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses as at 30 June 2020 and 31 December 2019 due to the unpredictability of future profit streams.

* *English name is for identification purpose only*

7. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff costs, including directors' remuneration		
– salaries and other allowances	**20,496**	10,792
– retirement benefits	**284**	466
– equity-settled share-based payment included in administrative expenses	**14,302**	–
– equity-settled share-based payment included in research and development expenses	**60,811**	–
Total staff costs	**95,893**	11,258
Depreciation of property, plant and equipment	**5,663**	4,498
Amortisation of intangible assets	**433**	170
Short-term lease expense	**433**	108
Cost of inventories included in research and development expenses	**6,755**	3,883
Sub-contracting costs included in research and development expenses	**4,600**	5,924

8. DIVIDEND

No interim dividends (six months ended 30 June 2019: nil) were paid, declared or proposed for current period. The Directors have determined that no dividend will be paid in respect of the interim period.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(174,019)**	(50,445)

	For the six months ended 30 June	
	2020	2019
	Shares	Shares
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**380,952**	378,848

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for both periods have been determined on the assumptions that the ordinary shares subdivision as set out in Note 13 and Capitalisation Issue as set out in Note 16(a) had been effective since 1 January 2019.

The Group issued the convertible redeemable preference shares, and granted share options under the pre-IPO share option scheme for as set out in Note 14. For the purpose of calculation of diluted loss per share for the six months ended 30 June 2020, the conversion of convertible redeemable preference shares and share options granted under the pre-IPO share option scheme were not included as their inclusion would result in a decrease in loss per share. For the purpose of calculation of diluted loss per share share for the six months ended 30 June 2019, the conversion of convertible redeemable preference shares were not included as their inclusion would result in a decrease in loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group entered into a new lease agreement for the use of leasehold land for the construction of laboratory with lease term of 20 years. The Group made 100% upfront payments and recognised right-of-use assets of RMB50,146,000.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2020 ***RMB'000*** **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Prepayments to suppliers	**13,915**	11,001
Value added tax recoverables	**14,583**	13,105
Advances to employees	**149**	133
Rental deposits	**1,141**	1,111
Other deposits	**355**	325
Deferred share issue costs for IPO	**10,222**	7,474
Prepayments for listing expenses	**165**	834
Prepayments for share issue costs	**5,022**	–
Others	**50**	320
	45,602	34,303
Analysed as:		
Current	**29,878**	20,087
Non-current	**15,724**	14,216
	45,602	34,303

12. TRADE AND OTHER PAYABLES

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**3,697**	4,632
Payables for acquisition of property, plant and equipment	**550**	624
Accrued salaries and other allowances	**2,996**	3,006
Government grants repayable	**1,837**	1,837
Accrued listing expenses	**36,432**	9,275
Accrued share issue costs for IPO	**5,621**	2,769
Others	**1,874**	991
	53,007	23,134

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 year	**3,664**	4,601
1 year to 2 years	**6**	11
2 year to 3 years	**27**	20
	3,697	4,632

13. SHARE CAPITAL

	Number of Shares	Share capital *US$*
Ordinary shares		
Ordinary shares of US$1 each		
Authorised		
As at 1 January 2019	5,000,000	5,000,000
Reclassification and re-designation on issuance of preference shares	(1,000,000)	(1,000,000)
At 30 June 2019	4,000,000	4,000,000
At 1 January 2020 and 30 June 2020 *(Note)*	4,000,000,000	4,000,000
Issued and fully paid		
As at 1 January 2019	10,000	10,000
Issue of ordinary shares	80,000	80,000
Issue of ordinary shares	10,000	10,000
At 30 June 2019	100,000	100,000
At 1 January 2020 and 30 June 2020 *(Note)*	100,000,000	100,000

	As at 30 June 2020 ***RMB'000*** **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Presented as	**677**	677

Note: On 23 August 2019, a written resolution of the shareholders of the Company was passed, pursuant to which each issued and unissued ordinary share of the Company of United States Dollars ("**US$**") 1.00 each was sub-divided into 1,000 shares of US$0.001 each. Following the subdivision of share capital of the Company, the number of issued ordinary shares of the Company was increased from 100,000 of US$1.00 each to 100,000,000 of US$0.001 each.

14. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a written resolution of the Directors on 31 December 2019, a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") of the Company was approved. The Pre-IPO Share Option Scheme was established to encourage the participants to contribute to the Group for the long-term benefits of the Group. The maximum number of shares that may be granted under the Pre-IPO Share Option Scheme shall not exceed 37,500,000 shares, representing approximately 7.50% of the total number of shares in issue immediately upon completion of the IPO.

This Pre-IPO Share Option Scheme shall take effect subject to and is conditional upon:

(a) the passing of the resolutions by the shareholders of the Company to approve and adopt the rules of the Pre-IPO Share Option Scheme;

(b) the listing committee of the Stock Exchange granting approval of listing of, and permission to deal in, the shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the Pre-IPO Share Option Scheme; and

(c) the commencement of dealings in the ordinary shares of the Company on the Stock Exchange.

The abovementioned condition (a), condition (b) and condition (c) were subsequently satisfied on 6 June 2020, 9 July 2020 and 10 July 2020, respectively.

On 31 December 2019, the Company offered 7 senior managements and 25 eligible employees (collectively, the "**Grantees**") and the Grantees accepted 37,500,000 share options (the "**Pre-IPO Share Options**"). Options may be exercised at any time from vesting date to the seventh anniversary of the date of offer.

The details of the Company's Pre-IPO Share Options granted to the senior managements and employees of the Group are as follows:

Type	Date of offer	Number of shares subject to the option	Vesting proportion	Vesting period	Exercise price per share
Executive director: ("**Share Option A**")					
Mr Tan	31/12/2019	5,000,000	50%	2019.12.31-2020.12.31	50% of the global offering offer price (the "**Offer Price**")
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Dr Wang	31/12/2019	23,450,000	50%	2019.12.31-2020.12.31	50% of the Offer Price
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Senior managements: ("**Share Option B**")	31/12/2019	3,500,000	30%	2019.12.31-2020.12.31	50% of the Offer Price
			30%	2019.12.31-2021.12.31	50% of the Offer Price
			40%	2019.12.31-2022.12.31	50% of the Offer Price
Employees: ("**Share Option C**")	31/12/2019	2,550,000	50%	2019.12.31-2020.12.31	50% of the Offer Price
			50%	2019.12.31-2021.12.31	50% of the Offer Price
Employees: ("**Share Option D**")	31/12/2019	3,000,000	30%	2019.12.31-2020.12.31	50% of the Offer Price
			30%	2019.12.31-2021.12.31	50% of the Offer Price
			40%	2019.12.31-2022.12.31	50% of the Offer Price
Total		37,500,000			

The following table discloses movements of the Pre-IPO Share Options during the current period and none of them was exercisable as at 30 June 2020 and 31 December 2019.

Category	Outstanding as at 1 January 2020	Forfeited due to resignation during the period	Outstanding as at 30 June 2020
Share Option A	28,450,000	–	**28,450,000**
Share Option B	3,500,000	–	**3,500,000**
Share Option C	2,550,000	–	**2,550,000**
Share Option D	3,000,000	(100,000)	**2,900,000**
	37,500,000	(100,000)	**37,400,000**

The fair values of Share Option A, Share Option B, Share Option C and Share Option D determined at the date of offer using the Binomial Option Pricing Model are Hong Kong Dollar ("**HK$**") 178,945,000 (equivalent to RMB160,296,000), HK$22,330,000 (equivalent to RMB20,003,000), HK$14,573,000 (equivalent to RMB13,054,000), and HK$17,727,000 (equivalent to RMB15,880,000), respectively.

The following assumptions were used to calculate the fair values of the Pre-IPO Share Options as at the date of offer:

	Share Option A	Share Option B	Share Option C	Share Option D
Offer date share price *(Note)*	HK$10.5	HK$10.5	HK$10.5	HK$10.5
Exercise price	HK$6.8	HK$6.8	HK$6.8	HK$6.8
Expected volatility	53.0%	53.0%	53.0%	53.0%
Option life	7 years	7 years	7 years	7 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%	1.8%
Sub-optional factor	2.8	2.2	2.8	2.2

Note: The Group has used the back-solve method to determine the underlying equity value of the Company and adopted the equity value allocation model to determine the fair value of the ordinary shares based on the issue price of the preference shares. Number of shares in issue used in calculation of share price has taken into account of the expected capitalisation issue of a total of 270,000,000 ordinary shares based on management's estimate at 31 December 2019.

A written resolution by the shareholders of the Company was passed on 6 June 2020 (the "**Grant Date**") to approve and adopt the Pre-IPO Share Option Scheme and the fair values of the Pre-IPO Share Options were revised based on Grant Date fair value as blow.

The fair values of Share Option A, Share Option B, Share Option C and Share Option D determined at the Grant Date using the Binomial Option Pricing Model are HK$178,847,000 (equivalent to RMB163,763,000), HK$22,321,000 (equivalent to RMB20,438,000), HK$14,842,000 (equivalent to RMB13,590,000), and HK$17,385,000 (equivalent to RMB15,919,000), respectively.

The following assumptions were used to calculate the fair values of the Pre-IPO Share Options as at Grant Date:

	Share Option A	**Share Option B**	**Share Option C**	**Share Option D**
Grant Date share price *(Note)*	HK$10.1	HK$10.1	HK$10.1	HK$10.1
Exercise price	HK$5.3	HK$5.3	HK$5.3	HK$5.3
Expected volatility	52.3%	52.3%	52.3%	52.3%
Option life	6.6 years	6.6 years	6.6 years	6.6 years
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.5%	0.5%	0.5%	0.5%
Sub-optional factor	2.8	2.2	2.8	2.2

Note: The Group has used the back-solve method to determine the underlying equity value of the Company and adopted the equity value allocation model to determine the fair value of the ordinary shares based on the issue price of the preference shares. Number of shares in issue used in calculation of share price has taken into account of the Capitalisation Issue as set out in Note 16(a).

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of comparable companies. The fair value of an option varies with different variables of certain subjective assumptions.

The Group recognised a share-based payment expense of RMB75,113,000 in respect of the Pre-IPO Share Options for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

15. CAPITAL COMMITMENTS

	As at 30 June 2020 ***RMB'000*** **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Capital expenditure in respect of the acquisition of equipments and machineries and the construction project contracted for but not provided in the condensed consolidated financial statements	**5,629**	512

16. EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the condensed consolidated financial statements, events and transactions took place subsequent to 30 June 2020 are detailed as below:

a. Pursuant to the written resolution of the shareholders of the Company passed on 6 June 2020, and subject to the share premium account of the Company being credited as a result of the issue of offer shares pursuant to the Hong Kong public offering and the international public offering (collectively as the "**Global Offering**"), an aggregate of 295,000,000 shares credited as fully paid at par were allotted and issued on 10 July 2020 (the "**Listing Date**") to the holders of ordinary shares and Preferred Shares on the register of members of the Company in the Cayman Islands at the close of business on the business day preceding the Listing Date of the Global Offering, in proportion to their existing respective shareholdings (as nearly as possible without fractions) (the "**Capitalisation Issue**"). The shares allotted and issued pursuant to this resolution rank pari passu in all respects with the then existing issued shares of the Company.

b. On Listing Date, the Company was listed on the Main Board of the Stock Exchange following the completion of issue of 100,000,000 new shares of par value of US$0.001 each at the offer price of HK$11 per share. The gross proceeds arising from the IPO amounted to approximately HK$1,100 million.

c. On 31 July 2020, the international underwriters of the Global Offering partially exercised the over-allotment option, pursuant to which the Company allotted and issued 14,584,000 ordinary shares of the Company at the offer price of HK$11 per share. The gross proceeds arising from the exercise of the over-allotment option were approximately HK$160.4 million.

OTHER INFORMATION

Interim Dividend

No dividend was paid, declared or proposed during the Reporting Period.

Use of Net Proceeds from Listing and Over-allotment Option

The Shares of the Company were listed on the Stock Exchange on 10 July 2020. Subsequently, the Company announced that the Over-allotment Option described in the Prospectus was partially exercised by the Joint Representatives, on behalf of the International Underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the Over-allotment Option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the Stock Borrowing Agreement which were used to cover over-allocations in the International Offering.

After deducting the underwriting fees and commissions, other listing expenses and other estimated expenses in connection with the exercise of the initial Global Offering and the exercise of the Over-allotment Option, the net proceeds amounted to approximately HK$1,127.8 million. As at the date of this announcement, the Company used a total of approximately HK$29.8 million of the proceeds, including approximately HK$22.2 million for investment in the ongoing clinical trial and commercialisation of EAL®, approximately HK$5.7 million for investments in CAR-T-19 clinical trial and TCR-T product series candidates and approximately HK$1.9 million for working capital and other general corporate purposes. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and Over-allotment Option and actual usage up to the date of this announcement:

Use of Proceeds	**Allocation of the net proceeds from the Global Offering and the Over-allotment Option** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Utilised amount (as at the date of this announcement)** *(HK$ million)*	**Unutilised amount (as at the date of this announcement)** *(HK$ million)*
For investment in the ongoing clinical trial and commercialisation of EAL®	385.6	34.2	22.2	363.4
For R&D expenditure in connection with expansion of other clinical indications for EAL®	213.2	18.9	–	213.2
For investments in CAR-T-19 clinical trial and TCR-T product series candidates	374.5	33.2	5.7	368.8
Development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres	98.1	8.7	–	98.1
Working capital and other general corporate purposes	56.4	5.0	1.9	54.5
Total	1,127.8	100.0	29.8	1,098.0

For the Company's planned usage of the use of proceeds as described above, the Company expects the net proceeds will be used up by 2025.

Significant Investments, Material Acquisitions and Disposals

Save as disclosed in this announcement, as at the date of this announcement, there were no significant investments held by the Group or future plans regarding significant investment or capital assets. For the six months ended 30 June 2020, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As at 30 June 2020, we had a total of 199 employees in the PRC and 8 employees in the Republic of Korea.

The following table sets forth the number of our employees for each function as at 30 June 2020:

Function	**Number of Employees**
General management and administration	33
Research and development	
– Senior management	7
– Product and technology R&D	25
– Production, purification, equipment and safety	69
– Quality	51
– Clinical support and business development	22
Total	207

We have designed an evaluation system to assess the performance of our employees periodically. Such system forms the basis of our determinations of whether an employee should receive a salary raise, bonus, or promotion. We believe the salaries and bonuses our employees receive are competitive with market rates.

We place strong emphasis on providing training to our employees in order to enhance their technical and product knowledge. We design and offer different training programmes for our employees in various positions.

We make contributions to the social insurance and housing provident fund for all our employees in the PRC.

Share Option Schemes

In order to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group, the Company adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") and a share option scheme (the "**Post-IPO Share Option Scheme**") on 6 June 2020.

For details of the principal terms of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus.

Pre-IPO Share Option Scheme

The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 30 June 2020 is as follows:

Name of the grantee	No. of share options outstanding as at 31 December 2019	No. of share options granted during the Reporting Period and up to 30 June 2020	No. of share options exercised during the Reporting Period and up to 30 June 2020	No. of share options cancelled during the Reporting Period and up to 30 June 2020	No. of share options lapsed during the Reporting Period and up to 30 June 2020	No. of share options outstanding as at 30 June 2020
Mr Tan *Chairman and executive Director*	5,000,000	–	–	–	–	5,000,000
Dr Wang *Executive Director, CEO and co-CTO*	23,450,000	–	–	–	–	23,450,000
Employees (in aggregate)	9,050,000	–	–	–	100,000	8,950,000
Total	**37,500,000**	**–**	**–**	**–**	**100,000**	**37,400,000**

Details regarding the number of options, date of grant, vesting period, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Scheme that were still outstanding as at the date of 30 June 2020 are set out below:

Name of the grantee	**Date of grant**	**Vesting Period**	**Exercise Period**	**Exercise Price per share (Note 2)**	**No. of outstanding option as at 30 June 2020**
Mr Tan *Chairman and executive Director*	6 June 2020	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	5,000,000
Dr Wang *Executive Director, chief executive officer and co-chief technology officer*	6 June 2020	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	23,450,000
Employees (in aggregate)	6 June 2020	Three tranches of 30%, 30% and 40% on 31 December 2020, 2021 and 2022, respectively/ Two equal tranches on 31 December 2020 and 2021, respectively (Note 1)	31 December 2019 to 30 December 2026	HK$5.5	8,950,000
Total					**37,400,000**

Notes:

1. For details of the vesting periods of share options granted to each of the employees, please refer to Appendix IV to the Prospectus.

2. Closing price of the shares is not applicable as the shares of the Company were not listed at the date of grant.

As at 30 June 2020, the total number of share available for issue under the Share Option Scheme is 37,400,000 Shares, representing approximately 7.48% of the total issued shares of the Company.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a maximum period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

No share options were granted, exercised, cancelled or lapsed under the Post-IPO Option Scheme during the period from the Listing Date to the date of this announcement.

Compliance with Corporate Governance Code

As the Shares of the Company were not listed on the Stock Exchange as at 30 June 2020, the Corporate Governance Code was not applicable to the Company during the Reporting Period.

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and the Company has adopted the CG code as its own code of corporate governance. The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code since the Listing Date up to the date of this announcement. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Compliance with the Model Code for Securities Transactions

As the Shares of the Company were not listed on the Stock Exchange during the Reporting Period, the provisions under the Listing Rules in relation to the compliance with the Model Code by the Directors were not applicable to the Company during the Reporting Period.

The Company has adopted the Model Code as the guidelines for the directors' dealings in the securities of the Company since the Listing Date. Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code since the Listing Date and up to the date of this announcement. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

As the shares of the Company were not listed on the Stock Exchange as at 30 June 2020, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Audit Committee and Review of Financial Report

The Audit Committee was established on 6 June 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, being three independent non-executive Directors, namely Mr Ng Chi Kit, who is the chairman of the Audit Committee, Ms Peng Sujiu, and Professor Wang Yingdian. Mr Ng Chi Kit is an independent non-executive Director possessing the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

The Audit Committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2020, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim results for the six months ended 30 June 2020 is unaudited, but has been reviewed by the auditor, in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the International Auditing and Assurance Standards Board.

Changes to Directors' Information

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Directors' Rights to Acquire Shares or Debentures

Save for the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, no arrangement has been made by the Company or any of its subsidiaries for any Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debt securities of the Company or any other body corporate were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

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

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.eaal.net), and the interim report of the Group for the six months ended 30 June 2020 will be dispatched to the Company's shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

IMPORTANT EVENTS AFTER THE REPORTING DATE

The Shares of the Company were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 shares of the Company were issued at the offer price of HK$11.00 per share by way of Global Offering. The net proceeds from the Global Offering, after deduction of underwriting fees and commissions and other related listing expenses incurred subsequently, has increased net assets of the Group.

The Company announced that the Over-allotment Option described in the Prospectus was partially exercised by the Joint Representatives, on behalf of the International Underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the Over-allotment Option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the Stock Borrowing Agreement which were used to cover over-allocations in the International Offering.

Save as disclosed above, there was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Beijing Yongtai"	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of our Company
"Company", "the Company" or "We"	Immunotech Biopharm Ltd (永泰生物製藥有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 11 April 2018
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, means the controlling shareholders of the Company, being Mr Tan and Tan Zheng Ltd
"Core Product Candidate"	our "core product" as defined under Chapter 18A of the Listing Rules, namely EAL®
"Convertible Preference Shares"	the convertible preference shares with an aggregate par value of US$5,000.0 issued pursuant to the Preference Share Subscription Agreement by our Company to Poly Platinum
"Director(s)"	the director(s) of the Company
"Group" or "the Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on 10 July 2020
"Listing Date"	10 July 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Poly Platinum"	Poly Platinum Enterprises Limited, a business company incorporated in the BVI on 9 November 2018 and a direct wholly-owned subsidiary of Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥), an Independent Third Party
"Prospectus"	the prospectus issued by the Company dated 29 June 2020
"Preference Shares Subscription Agreement"	the subscription agreement dated 3 June 2019, as amended and supplemented by the first supplemental subscription agreement dated 12 June 2019 entered into, among other parties, between Poly Platinum and our Company in relation to the subscription of 5,000 Convertible Preference Shares for HK$200 million

"R&D"	research and development
"Reporting Period"	the six-month period from 1 January 2020 to 30 June 2020
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary shares with a nominal value of US$0.001 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$", "U.S. dollar(s)" or "USD"	United States dollars, the lawful currency of the United States of America
"Written Guidelines"	The Written Guidelines for Securities Transactions by Directors adopted by the Company

In this announcement, capitalised terms used shall have the same meanings as those defined in the Prospectus, unless the context otherwise requires.

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu and Mr Jung Hyun Chul as executive Directors, Mr Si Xiaobing, Mr Lu Yuan and Mr Li Yuezhong as non-executive Directors, and Professor Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.