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ALPHAMAB ONCOLOGY
康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9966)

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

The board (the "**Board**") of directors (the "**Directors**") of Alphamab Oncology (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2020 (the "**Reporting Period**"), together with the comparative figures for the same period of 2019.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Other income	**44,341**	11,025
Other gains and losses	**33,666**	1,280
Fair value change of convertible redeemable preferred shares	**–**	22,436
Research and development ("**R&D**") expenses	**(133,724)**	(55,752)
Administrative expenses	**(40,579)**	(24,661)
Finance costs	**(6,804)**	(235)
Listing expenses	**–**	(12,878)
Loss before taxation	**(103,100)**	(58,785)
Income taxation	**–**	–
Loss for the period	**(103,100)**	(58,785)

	As of June 30, 2020 *RMB'000*	As of December 31, 2019 *RMB'000*
Non-current assets	**413,211**	410,115
Current assets	**2,566,871**	2,444,468
Non-current liabilities	**194,040**	228,128
Current liabilities	**201,592**	200,530
Net assets	**2,584,450**	2,425,925

BUSINESS HIGHLIGHTS

Since April 13, 2020, being the latest practicable date of the Company's 2019 annual report, we have been making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

KN046

- Jiangsu Alphamab Biopharmaceuticals Co., Ltd. ("**Jiangsu Alphamab**"), a wholly-owned subsidiary of the Company, received an approval notification from the Food and Drug Administration ("**FDA**") of the United States of America ("**U.S.**" or "**United States**") that it is safe to proceed with a phase II clinical trial of KN046 for non-small cell lung cancer ("**NSCLC**") in the United States on April 15, 2020.

- Jiangsu Alphamab submitted an investigational new drug application ("**IND**") to the Centre for Drug Evaluation ("**CDE**") of the National Medical Products Administration of the People's Republic of China ("**NMPA**") on February 10, 2020 for a phase II clinical trial to study KN046 in combination with KN026 for the treatment of human epidermal growth factor receptor 2 ("**HER2**") positive or expressing solid tumors, including but not limited to HER2-positive or expressing breast cancer, gastric cancer ("**GC**"), esophageal cancer, colorectal cancer, pancreatic cancer, bile duct cancer, ovarian cancer, urothelial cancer and lung cancer. We received the IND approval from the CDE on May 12, 2020. We plan to enroll patients in the second half of 2020 for a phase II stage of a basket trial in HER2-positive solid tumors. Eligible patients who have failed available standard of care will be treated by KN046 plus KN026. We plan to start registration stage of this basket trial in the first quarter of 2021 in both China and the United States.

- On January 23, 2020, Jiangsu Alphamab collaborated with Sunshine Lake Pharma Co., Ltd. ("**SLP**") and submitted an IND for a phase II clinical trial to study the safety, tolerability and preliminary efficacy of KN046 in combination with CT053 (Ningetinib Toluenesulfonate), a multi-target small molecule inhibitor, for hematology malignancies and solid tumors including advanced hepatocellular carcinoma ("**HCC**"). We received the IND approval from the CDE on May 12, 2020.

- Jiangsu Alphamab and InxMed (Shanghai) Co., Ltd. ("**InxMed**") entered into a partnership agreement to jointly develop the combination therapy of KN046 and IN10018, a focal adhesion kinase inhibitor, on May 22, 2020.

- Jiangsu Alphamab and SLP entered into a new collaboration agreement to expand the original collaboration, pursuant to which both parties agreed to jointly develop an anti-tumor combination therapy of CT053 (Ningetinib Toluenesulfonate) and KN046 for solid tumor indications.
- We presented the preliminary efficacy and safety data of a dose escalation and expansion phase Ia/Ib clinical trial of KN046 in China in patients who have failed prior immune checkpoint inhibitors ("**ICI**") at the 2020 America Society of Clinical Oncology ("**ASCO**") Annual Meeting.
- Jiangsu Alphamab and Suzhou Sinovent Pharmaceutical Co., Ltd. ("**Sinovent**") entered into a partnership agreement to jointly develop the combination therapy of KN046 and XNW7201, a small-molecule inhibitor, in oncology indications on June 19, 2020.
- We plan to enroll patients in the second half of 2020 for a potential phase II registration clinical trial for thymic carcinoma. It is designed to be a phase II, open-label, multi-center, single arm study in subjects with advanced thymic carcinoma after failure of prior platinum-based combination chemotherapy treatment.
- On July 30, Jiangsu Alphamab entered a partnership agreement with Kintor Pharmaceutical Limited ("**Kintor Pharmaceutical**"), a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 09939), to jointly develop the combination therapy of KN046 and GT90001, an activin receptor-like kinase-1 ("**ALK-1**") monoclonal antibody, in HCC.
- In August 2020, Jiangsu Alphamab officially launched a multi-center phase III clinical trial to evaluate efficacy and safety of combination therapy of KN046 and platinum-based chemotherapy in patients with stage IV squamous NSCLC.

KN046 has been under phase I clinical trials in Australia and China and has entered a phase II clinical trial in the United States in 2020. Currently, there are over 10 clinical trials at multiple stages covering more than 10 types of tumors including NSCLC, triple-negative breast cancer, esophageal squamous cell carcinoma and pancreatic cancer. The results of these clinical trials have demonstrated a preliminary profile of good safety and promising efficacy of KN046.

KN026

- Jiangsu Alphamab submitted an IND to the CDE on February 10, 2020 for a phase II clinical trial to study KN026 in combination with KN046 for the treatment of HER2-positive or expressing solid tumors, including but not limited to HER2-positive or expressing breast cancer, GC, esophageal cancer, colorectal cancer, pancreatic cancer, bile duct cancer, ovarian cancer, urothelial cancer and lung cancer. We received the IND approval from the CDE on May 12, 2020. We plan to enroll patients in the second half of 2020 for a phase II stage of a basket trial in HER2-positive solid tumors. Eligible patients who have failed available standard of care will be treated by KN046 plus KN026. We plan to start registration stage of this basket trial in the first quarter of 2021 in China and the United States.
- Jiangsu Alphamab submitted an IND to the CDE on February 10, 2020 for a phase II clinical trial for the study to assess the effectiveness and safety of KN026 in monotherapy or combination therapy for HER2 low expression or HER2-positive recurrent/metastatic breast cancer. We received the IND approval from the CDE on May 12, 2020.
- We presented abstracts on using a translational tumor growth inhibition model and pharmacokinetics ("**PK**") analysis to predict efficacious doses for KN026 in patients with HER2-positive metastatic breast cancer at the 2020 American Association for Cancer Research ("**AACR**") Annual Meeting.

- We presented the preliminary safety, efficacy and PK results of a first-in-human, open-label, phase I clinical trial of KN026 in China in patients with HER2-positive metastatic breast cancer at the 2020 ASCO Annual Meeting.

- Jiangsu Alphamab and Sanofi (China) Investment Co., Ltd. ("**Sanofi**") entered into an exclusive option agreement for the strategic collaboration to advance clinical studies investigating KN026 in combination with Sanofi's product Taxotere® in patients with HER2-positive breast cancer on June 9, 2020.

KN035

- We presented clinical trial results of KN035 in patients with advanced tumors with mismatch-repair deficiency ("**dMMR**") and a combination therapy with KN035 plus chemotherapy for advanced GC and gastroesophageal junction cancer ("**GEJ**") which were accepted for poster presentation at the 2020 ASCO Annual Meeting.

- An IND application for a potential pivotal trial for KN035 (envafolimab) in the soft tissue sarcoma subtypes (ENVASARC) of undifferentiated pleomorphic sarcoma and myxofibrosarcoma was submitted by TRACON Pharmaceuticals, Inc. ("**TRACON**"), our U.S. partner, on July 16, 2020. On August 14, 2020, TRACON received an approval notification from FDA that the study may proceed in the United States.

Facilities

- The phase I 2x2,000L production lines of the new manufacturing facilities of Jiangsu Alphamab with a designed total capacity of over 30,000L obtained drug production license issued by Jiangsu Drug Administration on July 6, 2020.

Other Highlights

- On June 10, 2020, the Company and Institut Pasteur of Shanghai, Chinese Academy of Sciences ("**Institut Pasteur of Shanghai**") entered a cooperative development agreement on the co-development, manufacturing and commercialization of therapeutic antibody for COVID-19.

- On June 16, 2020, the Company was recognized as "Unicorn Cultivation Enterprise in Suzhou".

- In July 2020, the Company was recognized as one of the first high-tech enterprises in Suzhou Free Trade Zone.

- In July 2020, the Company was recognized as Foreign-funded R&D Center in Jiangsu province.

- Dr. XU Ting ("**Dr. XU**"), chairman of the Board, executive Director and chief executive officer of the Company won the sixth "Suzhou Outstanding Talent Award" awarded by the Suzhou Municipal Government. The "Suzhou Outstanding Talent Award" is a prominent talent award awarded once every three years to various outstanding talents who have made significant contribution to economic and social development.

- Ms. LIU Yang, executive Director and vice president of corporate operations of the Company, was awarded as one of 2020 China Top 50 Women in Technology by Forbes China. This award is an honor awarded to acknowledge the extraordinary contributions made by female leaders in technology industry.

For details of any of the foregoing, please refer to the rest of this announcement and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a leading clinical-stage biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecifics and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe our unique drug discovery and development capabilities are demonstrated by our R&D track record and supported by our proprietary technologies, platforms and expertise.

OUR PRODUCT PIPELINE

Our highly differentiated in-house pipeline consists of eight oncology drug candidates, including four in clinical stage. The following chart summarizes our product pipeline for the six months ended June 30, 2020:

Drug Candidate	Target(s)	Commercial Rights	Key Indications	NCT Number	Status**	Expected First BLA Submission
					Pre-Clinical / Phase I / Phase II / Phase III	
KN046*	PD-L1/ CTLA4	Global[2]	NSCLC, 1L *(KN046+CT)*	NCT04474119	China — Phase III	H1 2022
			Thymic carcinoma[3]	NCT04469725	China, U.S. — Phase II	
			TNBC, 1L *(KN046+nab-paclitaxel)*	NCT03872791	China — Phase II	
			ESCC, 1L *(KN046+CT)*	NCT03925870	China — Phase II	
			NSCLC, >=2L [4] *(KN046 or KN046+CT)*	NCT03838848	China, U.S. — Phase II	
			NSCLC, stage III *(KN046+RT)*	NCT04054531	China — Phase II	
KN026	HER2/ HER2	Global[2]	HER2-positive/low mGC/GEJ, late line	NCT03925974	China — Phase II	4Q 2022
			HER2-positive, 1L *(KN026+ docetaxel)* /HER2 low mBC	NCT04165993	China — Phase II	
			HER2-positive mBC, mGC/GEJ, late line	NCT03847168	U.S. — Phase I	
KN046+ KN026 combo	PD-L1/ CTLA4 + HER2/ HER2	Global[2]	HER2-low mBC[5]	NCT04165993	China — Phase II	H2 2022
			HER2-positive/low solid tumors	NCT04521179	China — Phase II	
KN019	B7	Global[2]	RA	NCT04038970	China — Phase II	Planning stage
KN035 [7]	PD-L1	Co-development [6]	MSI-H or dMMR solid tumors	NCT03667170	China — Phase II completed	By the End of 2020
			BTC *(KN035+Gemcitabine +oxaliplatin)*	NCT03478488	China — Phase III	
			Sarcoma and others	NCT04480502	Rest of the World	
KN052	Undisclosed bispecifics[8]	Global[2]	Not available			Not available
KN053						
KN055						
KN058						
Antibody for COVID-19	Undisclosed	Co-development [9]	COVID-19 treatment			Not available

* Denotes core product.

** Denotes the most advanced ongoing clinical trials.

Abbreviations: NSCLC = non-small cell lung cancer, TNBC = triple-negative breast cancer, mBC = metastatic breast cancer, GC = gastric cancer, GEJ = gastroesophageal junction cancer, HCC = hepatocellular carcinoma, BTC = biliary tract cancer, RA = rheumatoid arthritis, MSI-H = high microsatellite instability, dMMR = DNA mismatch repair, GI cancer = gastrointestinal cancer

Notes:

(1) Future submission of biologic license application. Some indications may not require a non-pivotal phase II clinical trial prior to beginning the pivotal phase II/III clinical trials in China. Based on our experience, the need for comparison studies for our drug candidates is determined on a case-by-case basis and based on communications with the regulators including NMPA or FDA.

(2) No licensing partner as of August 22, 2020.

(3) In the progress of obtaining IND approval for pivotal trial soon.

(4) This trial comprises of using KN046 or KN046 in combination with other therapies to treat various cohorts of NSCLC patients including patients who have relapsed from first line platinum-based chemotherapy, patients who have failed prior treatment with programmed cell death protein 1 and/or programmed death ligand 1, and patients whose tumor bear epidermal growth factor receptor mutation.

(5) Patients with HER2 low expressing, hormone receptor negative metastatic breast cancer are enrolled in KN026-201 HER2-low cohort.

(6) We invented KN035 in-house and are currently developing it with 3D Medicines (Beijing) Co., Ltd. ("**3D Medicines**") jointly. According to the co-development agreements with 3D Medicines, we own the right to manufacture and supply KN035 to 3D Medicines and are entitled to profit sharing.

(7) KN035 is undergoing clinical trials in China, the United States and Japan for multiple cancer indications, with more than 900 patients enrolled. We requested a pre-new drug application ("**NDA**") meeting with the CDE on April 17, 2020 and received positive feedback from the CDE on July 10, 2020. We are working closely with our strategic partners, Jiangsu Simcere Pharmaceutical Co., Ltd. and 3D Medicines, to prepare the first NDA submission of KN035 to the CDE for the treatment of patients with advanced microsatellite instability (MSI) GC and colorectal cancer or patients with advanced dMMR solid tumors who failed on first line chemotherapy.

(8) Due to commercial sensitivity, we do not disclose additional details of these bispecific monoclonal antibody drug candidates for oncology treatment. Two of them are at preliminary pre-clinical study stage and two are at lead optimization stage.

(9) We entered a cooperative development agreement with Institut Pasteur of Shanghai on the co-development, manufacturing and commercialization of therapeutic antibody for COVID-19 worldwide in June 2020. The antibody is at the stage of chemistry, manufacturing and control (CMC).

(10) Except for the phase I clinical trial, we do not expect to conduct any other clinical trials or make any registration filing for KN046 in Australia.

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including single domain antibodies and engineered proteins; (ii) proprietary charge repulsion improved bispecific platforms and charge repulsion induced antibody mixture platforms for bispecifics and antibody mixtures, respectively; and (iii) state-of-the-art manufacturing capability to be further strengthened by new facilities with a designed total capacity of over 30,000L, designed and built to meet the current good manufacturing practice ("**cGMP**") standards of NMPA, the European Union and FDA.

COMMERCIALIZATION

To date, we plan to build our own commercialization team in China with an initial focus on late-stage drug candidates and assemble a team of personnel dedicated to medical affairs and governmental affairs in 2020 to prepare for the future launch of KN046 in 2022. Furthermore, we plan to continue expanding our team to actively seek insurance and reimbursement opportunities from third-party payers and government reimbursement programs to support the ongoing commercial operations of KN046 and the upcoming launch of KN026. We expect our team to cover major provinces and municipalities in China, especially the ones with relatively well-developed economies and high levels of discretionary income. We intend to continue to expand our team in anticipation of more product launches and more approved indications.

Cautionary Statement required by Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"): The Company cannot guarantee that it will be able to successfully develop, or ultimately market our drug candidates, namely, KN046, KN026, KN019, KN035, KN052, KN053, KN055 and KN058. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

BUSINESS REVIEW

Events during the Reporting Period

Since April 13, 2020, being the latest practicable date of the Company's 2019 annual report, we have been making significant progress with respect to our drug pipeline and business operations.

- On April 15, 2020, Jiangsu Alphamab received an approval notification from FDA that it is safe to proceed with a phase II clinical trial of KN046 for NSCLC in the United States. The phase II clinical trial of KN046 has been designed as an open-label, multi-center, multiple cohorts and single-arm study to evaluate the efficacy, safety and tolerability of KN046 monotherapy or in combination with chemotherapy in locally advanced unresectable or metastatic NSCLC. The FDA has completed the safety review of IND application of Jiangsu Alphamab and concluded that Jiangsu Alphamab may proceed with the phase II clinical trial. For further details, please refer to the Company's announcement dated April 15, 2020.

- On May 12, 2020, Jiangsu Alphamab received approvals from CDE of the NMPA for four IND applications for new therapies of KN046 and KN026, including (i) the evaluation of the effectiveness, safety and tolerance of KN046 in combination with KN026 for HER2-positive or HER2 expression solid tumors in phase Ib clinical study; (ii) multicenter, open-label, phase Ib/II clinical trials for Ningetinib Tosylate in combination with KN046 for the treatment of advanced HCC; and (iii) phase II clinical study to assess the effectiveness and safety of KN026 in monotherapy or combination therapy for HER2 low expression or HER2-positive recurrent/metastatic breast cancer.

- We presented the preliminary safety, efficacy and PK results of a first-in-human, open-label, phase I clinical trial of KN026 in China in patients with HER2-positive metastatic breast cancer and the preliminary efficacy and safety data of a dose escalation and expansion phase Ia/Ib clinical trial of KN046 in China in patients who have failed prior ICI at the 2020 ASCO Annual Meeting. The results indicate that (i) KN026 is well tolerated and has demonstrated encouraging anti-tumor activity in HER2-positive breast cancer patients who have failed standard anti-HER2 therapies. The phase II recommended dose of KN026 were 20 mg/kg Q2W (once every 2 weeks) and 30 mg/kg Q3W (once every 3 weeks); and (ii) KN046 showed a favorable safety profile and promising clinical benefit in advanced solid tumor patients who failed on prior ICI therapies. For further details, please refer to the Company's announcement dated May 14, 2020.

- We presented positive clinical trial results of KN035 in patients with advanced tumors with dMMR and a combination therapy with KN035 plus chemotherapy for advanced GC/GEJ at the 2020 ASCO Annual Meeting. The results indicate that (i) KN035 demonstrated durable anti-tumor activity with a manageable safety profile in patients with previously treated advanced MSI-H/dMMR cancer; and (ii) FOLFOX, a combination of chemotherapy drugs used to treat bowel cancer and GC, in combination with KN035, demonstrated a manageable safety profile with promising clinical efficacy as a first line therapy for advanced GC/GEJ cancer. For further details, please refer to the Company's announcement dated May 15, 2020.

- We presented using a translational tumor growth inhibition model and PK analysis to predict efficacious doses for KN026 in patients with HER2-positive metastatic breast cancer at the 2020 AACR Annual Meeting. The simulation results from the translational tumor growth inhibition indicate that the efficacious steady state dose levels of KN026 were predicted to be 20 mg/kg Q2W (once every 2 weeks) and 30 mg/kg Q3W (once every 3 weeks). Loading doses which provides higher dosing and drug exposure in the first dosing cycle were predicted to have the advantage of maximizing initial tumor killing. We expect to use the translational tumor growth inhibition model to shorten the lead time from early stage development to full development, which could help the registration of KN026 in major regions. For further details, please refer to the Company's announcement dated May 18, 2020.

- On May 22, 2020, Jiangsu Alphamab and InxMed entered into a partnership agreement to jointly develop the combination therapy of KN046 and IN10018, a focal adhesion kinase inhibitor, to explore the synergistic effect of the combination of KN046 and IN10018. The collaboration is expected to first evaluate the safety, tolerability, and efficacy of the combination of KN046 and IN10018 in patients with pancreatic cancer.

- On May 28, 2020, Jiangsu Alphamab and SLP entered into a new collaboration agreement to expand the original collaboration, pursuant to which both parties agreed to jointly develop an anti-tumor combination therapy with CT053 (Ningetinib Toluenesulfonate), a multi-target small molecule inhibitor, and KN046, for human solid tumors. For further details, please refer to the Company's announcement dated May 28, 2020.

- On June 9, 2020, Jiangsu Alphamab and Sanofi entered into an exclusive option agreement for the strategic collaboration to advance clinical studies investigating KN026 in combination with Sanofi's product Taxotere® in patients with HER2+ breast cancer. Jiangsu Alphamab is responsible for the ongoing clinical trials on KN026 and the new combination study of KN026 and Taxotere®. For further details, please refer to the Company's announcement dated June 9, 2020.

- On June 10, 2020, Jiangsu Alphamab and Institut Pasteur of Shanghai entered into a cooperative development agreement in respect of the collaboration in the global R&D, preclinical and clinical development, registration, commercial manufacturing and sales of certain antibodies owned by Institut Pasteur of Shanghai at the early stage of drug discovery in the field of coronavirus. For further details, please refer to the Company's announcement dated June 10, 2020.

- On June 19, 2020, Jiangsu Alphamab and Sinovent entered into a partnership agreement to jointly develop the combination therapy of KN046 and XNW7201, a small-molecule inhibitor, in oncology indications. The collaboration is expected to explore the safety, tolerability, and efficacy of the combination therapy of KN046 and XNW7201 for advanced malignant tumors such as pancreatic cancer.

Events after the Reporting Period

- On July 6, 2020, the phase I 2x2,000L production lines of the new manufacturing facilities of Jiangsu Alphamab, which has designed total capacity over 30,000L, obtained drug production license issued by Jiangsu Drug Administration. The new manufacturing facilities are designed and constructed in accordance with cGMP standards with two 2,000L cell culture production lines, one stainless steel buffer preparation system, and one purification line. These production lines are equipped with world-class equipment that meet the regulatory requirements of NMPA, FDA and European Medicines Agency for Good Manufacturing Practice.

- On July 16, 2020, we supported TRACON, our U.S. partner, to submit an IND application for a potential pivotal trial for KN035 (envafolimab) in the soft tissue sarcoma subtypes (ENVASARC) of undifferentiated pleomorphic sarcoma and myxofibrosarcoma. On August 14, 2020, TRACON received an approval notification from FDA that the study may proceed in the United States.

- In July 2020, the Company was recognized as one of the first high-tech enterprises in Suzhou Free Trade Zone.

- In July 2020, the Company was recognized as Foreign-funded R&D Center of Jiangsu province.

- Dr. XU won the sixth "Suzhou Outstanding Talent Award" awarded by the Suzhou Municipal Government. The "Suzhou Outstanding Talent Award" is a prominent talent award awarded once every three years to various outstanding talents who have made significant contribution to economic and social development.

- On July 30, Jiangsu Alphamab entered a partnership agreement with Kintor Pharmaceutical, to jointly develop the combination therapy of KN046 and GT90001 in HCC. GT90001 is an antagonistic mediator of lateral transforming growth factor-beta/ALK-5 signaling, which is a fully humanized IgG2 neutralizing monoclonal antibody.

The global epidemic of COVID-19 and the escalating Sino-U.S. tension may have potential negative impact on, and has brought uncertainties to, the Group's business, including but not limited to the advancement of clinical trials, approval of regulatory registration and procurement of raw materials. The Group will continue to monitor the situations and react actively to such impact.

FINANCIAL REVIEW

Overview

For the six months ended June 30, 2020, the Group recorded other income of RMB44.3 million, as compared with RMB11.0 million for the six months ended June 30, 2019, and the loss and total comprehensive expense of RMB103.1 million, as compared with RMB58.8 million for the six months ended June 30, 2019. The R&D expenses of the Group amounted to RMB133.7 million for the six months ended June 30, 2020, as compared with RMB55.8 million for the six months ended June 30, 2019. The Company did not record any fair value change of convertible redeemable preferred shares of the Group for six months ended June 30, 2020, as compared with RMB22.4 million for the six months ended June 30, 2019. The administrative expenses amounted to RMB40.6 million for the six months ended June 30, 2020 as compared with RMB24.7 million for the six months ended June 30, 2019. The finance costs amounted to RMB6.8 million for the six months ended June 30, 2020 as compared with RMB0.2 million for the six months ended June 30, 2019.

Revenue

We currently have no products for commercial sale. For the six months ended June 30, 2019 and 2020, we did not generate any revenue from product sales.

Other Income

The Group's other income primarily consists of interest income, government grants income and other miscellaneous income.

For the six months ended June 30, 2020, the Group's other income increased by RMB33.3 million to RMB44.3 million, compared to RMB11.0 million for the six months ended June 30, 2019, primarily due to the increase in interest income and government grants income. Interest income of RMB35.2 million were primarily from the deposits of our series A financing, series B financing and the net proceeds generated from our global offering. Government grants income mainly include: (i) tax refunds of RMB4.3 million from the Australian government which are specifically for supporting the R&D activities carried out in Australia; and (ii) subsidies of RMB3.5 million as the listing awards granted by Suzhou Industrial Park in April 2020.

Other Gains and Losses

The Group's other gains and losses primarily consist of net exchange gains or losses in relation to the impact of foreign currency translation.

For the six months ended June 30, 2020, we recorded RMB33.7 million of other gains, compared to RMB1.3 million of other gains for the six months ended June 30, 2019, mainly due to the impact of foreign currency fluctuation, in particular, the exchange rates amongst the RMB and the U.S. Dollar.

Fair Value Change of Convertible Redeemable Preferred Shares

The Group's fair value change of convertible redeemable preferred shares refers to the series A preferred shares and the series B preferred shares we issued before the global offering, which takes into account the exchange rate changes.

For the six months ended June 30, 2020, we did not record any loss or gain on fair value change of convertible redeemable preferred shares, compared to RMB22.4 million of the fair value losses for the six months ended June 30, 2019, primarily because all preferred shares were automatically converted to the ordinary shares upon the Company's listing on the Main Board of the Stock Exchange in December 2019 and the Company no longer issued any convertible redeemable preferred shares during the Reporting Period.

R&D Expenses

The Group's R&D expenses were primarily comprised of (i) third-party contracting costs related to services provided by contract research organizations, contract manufacturing organizations, clinical trial sites, consultants and other service providers during the R&D of our pipeline products; (ii) staff costs for our R&D staffs, including salary, bonus and share option incentives; (iii) raw material costs in relation to the R&D of our drug candidates; (iv) office rental costs, utilities and depreciation and amortization; and (v) other miscellaneous expenses, which primarily include expenses for patent application registration services and logistics expenses of drug samples for clinical trials.

For the six months ended June 30, 2020, our R&D expenses increased by RMB77.9 million to RMB133.7 million, compared to RMB55.8 million for the six months ended June 30, 2019, primarily due to (i) the increase in the number of ongoing clinical trials; (ii) the expansion of the scale of our clinical studies; (iii) the advancement of clinical trials of our drug candidates; (iv) the increase in staff cost due to the increase in our R&D staffs and the increase in the compensation mainly due to options rewarded to the staffs; and (v) the increase of manufacturing cost generated from the increasing demands of use of drugs for the purpose of our expanding clinical trials. The following table sets forth the breakdown of our R&D expenses by nature for the periods indicated.

	For the six months ended June 30,			
	2020		2019	
	(RMB'000, except percentage)			
Third-party contracting costs	**57,299**	**42.8%**	27,655	49.6%
Staff costs	**30,053**	**22.5**	11,416	20.5
Raw material costs	**27,252**	**20.4**	8,098	14.5
Office rental costs, utilities, and depreciation and amortization	**14,757**	**11.0**	6,604	11.8
Others	**4,363**	**3.3**	1,979	3.6
Total	**133,724**	**100%**	55,752	100%

Administrative Expenses

The Group's administrative expenses primarily comprise of professional fees and staff costs for our administrative staff which include salary, bonus and share option incentives.

Our administrative expenses increased by RMB15.9 million to RMB40.6 million for the six months ended June 30, 2020, from RMB24.7 million for the six months ended June 30, 2019, primarily because we further increased our headcount to support the implementation and expansion of our business operations.

Finance Costs

The Group's finance costs primarily comprise of (i) bank borrowings and (ii) lease liabilities related to our leases of office premises and R&D facilities.

Our finance costs amounted to RMB6.8 million for the six months ended June 30, 2020, as compared to RMB0.2 million for the six months ended June 30, 2019, primarily because of the interest expense incurred from commercial bank loans.

Listing Expenses

We did not record listing expense after December 12, 2019, being the date on which our shares first commenced dealings on the Main Board of the Stock Exchange, as compared to the listing expenses of RMB12.9 million for the six months ended June 30, 2019.

Loss for the Reporting Period

As a result of the above factors, the loss of the Group increased by RMB44.3 million to RMB103.1 million for the six months ended June 30, 2020 from RMB58.8 million for the six months ended June 30, 2019.

Property, Plant and Equipment

Property, plant and equipment primarily consists of our new manufacturing, R&D facilities and office premises.

Our property, plant and equipment increased by RMB10.7 million to RMB342.7 million as of June 30, 2020, compared to RMB332.0 million as of December 31, 2019, primarily attributable to the continuous construction of our new facilities in 2020.

Inventories

The Group's inventories consist of raw materials and other consumables used in the R&D of our drug candidates.

Our inventories increased by RMB7.1 million to RMB33.0 million as of June 30, 2020, compared to RMB25.9 million as of December 31, 2019, primarily due to the increased raw materials and other consumables in our inventories for our R&D activities.

Other Receivables, Deposits and Prepayments

The Group's other receivables, deposits and prepayments primarily consist of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to contract research organizations and other third parties for services relating to our clinical trials; and (ii) value-added tax ("**VAT**") recoverable in connection with the procurement of raw materials, third-party services, machinery and equipment for our new facilities, which can offset the VAT to be incurred upon commercialization.

Our other receivables, deposits and prepayments increased by RMB20.2 million to RMB87.8 million as of June 30, 2020, compared to RMB67.6 million as of December 31, 2019, primarily because of (i) the increase in VAT recoverable due to the increased procurement of machinery and equipment for our new facilities, as well as raw materials and third-party services for our R&D activities; and (ii) the increase in other receivables, deposits and prepayments related to increased purchases of raw materials and third-party services for clinical trials.

Cash and Cash Equivalents and Time Deposits with Original Maturity Over Three Months

Our cash and cash equivalents mainly comprise of (i) cash at banks and on hand; and (ii) time deposits within original maturity less than three months. Our cash and cash equivalents decreased significantly from RMB1,867.9 million as of December 31, 2019 to RMB240.2 million as of June 30, 2020, while our time deposits with original maturity over three months significantly increased from RMB502.9 million as of December 31, 2019 to RMB2,217.4 million as of June 30, 2020, primarily because a majority of our time deposits with original maturity less than three months were converted into deposits with original maturity over three months.

Financial Assets Measured at Fair Value Through Profit or Loss ("FVTPL")

The Group's financial assets measured at FVTPL mainly represent RMB-denominated wealth management products we purchased from commercial banks in the PRC.

Our financial assets measured at FVTPL increased from RMB11.7 million as of December 31, 2019 to RMB20.1 million as of June 30, 2020, primarily due to the purchase of non-principal-guaranteed wealth management products as our financial investments.

We believe that we can make better use of our cash by utilizing wealth management products, such as structured deposits, to enhance our income without interfering with our business operations or capital expenditures. We make investment decisions based on our estimated capital requirements for the next three months and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit purchases to low-risk, short-term products from reputable commercial banks. Our finance department is responsible for the purchase of wealth management products, which is reviewed by our senior management team. In the future, we intend to continue taking a disciplined approach regarding purchasing low-risk wealth management products with a short maturity period based on our operational needs.

Trade and Other Payables

The Group's trade and other payables primarily consist of payables for the construction of our new facilities and the procurement of equipment and machinery for our new facilities. Our trade and other payables also include accrued R&D expenses and staff costs. We also recorded (i) accrued listing expenses for the professional parties engaged for the global offering; (ii) trade payables to suppliers of raw materials and third-party services; and (iii) interest payables.

Our trade and other payables decreased from RMB146.0 million as of December 31, 2019 to RMB98.8 million as of June 30, 2020, primarily due to (i) a decrease of RMB28.8 million in payables in connection with the construction of our facilities and the procurement of equipment and machinery for our new facilities; and (ii) a decrease of RMB14.8 million in payables for the accrued listing expenses.

Amount Due to a Related Company

Our amount due to a related company, Suzhou Alphamab, increased from RMB0.8 million as of December 31, 2019 to RMB4.1 million as of June 30, 2020. Our amounts due to Suzhou Alphamab as of December 31, 2019 and as of June 30, 2020 were primarily due to the technology development service fees payable to Suzhou Alphamab.

Liquidity and Source of Funding

Our primary uses of cash are to fund our clinical trials, manufacturing, purchase of equipment and raw materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through proceeds from the global offering and pre-IPO investments. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

Borrowings

As of June 30, 2020, our bank borrowings of RMB230 million, had effective interest rates of 4.25%. As of June 30, 2020, our bank borrowings were secured by property, plant and equipment of RMB270.8 million and land use rights in our right-of-use assets of RMB22.4 million.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of June 30, 2020	As of December 31, 2019
Current ratio[(1)]	**12.73**	12.19
Quick ratio[(2)]	**12.57**	12.06
Gearing ratio[(3)]	**(0.00)**	(0.68)

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. For the avoidance of doubt, ratios in brackets represent negative numbers.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures for the six months ended June 30, 2020.

Pledge of Assets

As of June 30, 2020, the Group had a total RMB270.8 million of property, plant and equipment and RMB22.4 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of June 30, 2020, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Foreign Exchange Exposure

During the six months ended June 30, 2020, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of June 30, 2020, a significant amount of the Group's bank balances and cash was denominated in U.S. Dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Except for certain bank balances and cash, other receivables, trade and other payables, and other financial liabilities denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2020.

Employees and Remuneration

As of June 30, 2020, the Group had 260 employees. The total remuneration cost incurred by the Group for the six months ended June 30, 2020 was RMB56.5 million, as compared to RMB32.3 million for the six months ended June 30, 2019.

The remuneration package of our employees includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Company also has adopted the pre-IPO share option plans and the post-IPO share option scheme to provide incentives for the Group's employees. For further details of the pre-IPO share option plans, please refer to the section headed "Statutory and General Information – D. Pre-IPO Share Option Plans" in Appendix V to the prospectus of the Company (the "**Prospectus**") and the Company's 2019 annual report. For further details of the post-IPO share option scheme, please refer to the Company's circular dated April 22, 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (audited)
Other income	4	**44,341**	11,025
Other gains and losses	4	**33,666**	1,280
Fair value change of convertible redeemable preferred shares		**–**	22,436
R&D expenses		**(133,724)**	(55,752)
Administrative expenses		**(40,579)**	(24,661)
Finance costs	5	**(6,804)**	(235)
Listing expenses		**–**	(12,878)
Loss before taxation		**(103,100)**	(58,785)
Income taxation	6	**–**	–
Loss for the period	7	**(103,100)**	(58,785)
Other comprehensive income (expense) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**8**	(9)
Total comprehensive expense for the period		**(103,092)**	(58,794)
Loss per share in RMB	9		
– Basic		**(0.11)**	(0.11)
– Diluted		**(0.11)**	(0.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**June 30, 2020** ***RMB'000*** **(unaudited)**	December 31, 2019 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**342,712**	331,951
Right-of-use assets	*10*	**37,645**	42,353
Deposits paid for acquisition of property, plant and equipment		**1,269**	4,321
Other receivables and deposits	*11*	**31,585**	31,490
		413,211	410,115
Current assets			
Inventories		**32,992**	25,918
Other receivables, deposits and prepayments	*11*	**56,180**	36,115
Financial assets at FVTPL		**20,080**	11,680
Time deposits with original maturity over three months		**2,217,426**	502,889
Cash and cash equivalents		**240,193**	1,867,866
		2,566,871	2,444,468
Current liabilities			
Trade and other payables	*12*	**98,805**	145,962
Amount due to a related company		**4,082**	787
Lease liabilities – current portion		**10,365**	13,081
Bank borrowings – current portion		**57,500**	28,750
Deferred income		**30,840**	11,950
		201,592	200,530
Net current assets		**2,365,279**	2,243,938
Total assets less current liabilities		**2,778,490**	2,654,053

	NOTES	**June 30, 2020** ***RMB'000*** **(unaudited)**	December 31, 2019 *RMB'000* (audited)
Non-current liabilities			
Lease liabilities – non-current portion		**9,296**	10,095
Contract liabilities		**12,244**	11,733
Bank borrowings – non-current portion		**172,500**	201,250
Deferred income		**–**	5,050
		194,040	228,128
Net assets		**2,584,450**	2,425,925
Capital and reserves			
Share capital		**13**	12
Reserves		**2,584,437**	2,425,913
Total equity		**2,584,450**	2,425,925

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

1.1 General

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 28, 2018 under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange since December 12, 2019. The addresses of the registered office and principal place of business of the Company will be disclosed in the corporate information section to the Company's interim report.

The Company, an investment holding company, indirectly owns the subsidiaries which run all of the business. The Group is principally engaged in R&D, manufacturing and commercialization of biologics of oncology.

The consolidated financial statements are presented in RMB, which is also the same as the functional currency of the Company.

1.2 Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 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 Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2020 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board which are mandatorily effective for the annual period beginning on or after January 1, 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

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. REVENUE AND SEGMENT INFORMATION

Revenue

Co-development agreement with 3D Medicines in relation to KN035 drug candidate

In February 2016, the Group entered into an agreement with 3D Medicines and pursuant to which, the Group will jointly develop and commercialize KN035 drug candidate with 3D Medicines. Under the agreement, the Group received a non-refundable upfront payment of RMB10 million from 3D Medicines and has an exclusive right to manufacture and supply KN035 to 3D Medicines for further commercialization to ultimate customers. Upon the Group manufacturing the product and transferring the control of goods to 3D Medicines for commercialization, the Group will recognize revenue in respect of the upfront payment received.

In addition, the Group considers the non-refundable upfront payment of RMB10 million from 3D Medicines contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money at a discount rate of 4.35% per annum taking into consideration the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provide by the customer or the entity, including assets transferred in the contract. As this accrual increases the amount of the contract liabilities during the period of development of KN035 drug candidate, it increases the amount of revenue to be recognized when the Group commences the manufacturing of the product and the transfer of control of goods to 3D Medicines for commercialization.

Unsatisfied performance obligations

The following table shows the aggregate amount of the contract liabilities allocated to performance obligations that are unsatisfied at the end of the reporting period.

	June 30, 2020	December 31, 2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Co-development and commercialization of KN035	**12,244**	11,733

Deferred revenue included in contract liabilities will be recognized over the period of KN035 product life cycle with reference to the budgeted manufacture order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage). The Directors did not expect the Group can recognize the deferred revenue in respect of co-development and commercialization of KN035 within twelve months from the end of the reporting period. Therefore, the full amount of contract liabilities were classified as non-current liabilities.

Segment information

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

Geographical information

The Group's non-current assets are substantially located in the PRC, accordingly, no analysis of geographical segment is presented.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

Other income

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Interest income	**35,162**	8,362
Government grants income *(Note)*	**9,179**	2,663
	44,341	11,025

Note: Government grants income mainly includes: (i) subsidies from the PRC local government in support of oncology drug development and successful IPO of the Company; and (ii) unconditional subsidies from the Australian government which are specifically for supporting the R&D activities carried out in Australia.

Pursuant to the research and development tax incentive program launched by the Australia Taxation Office, Alphamab (Australia) enjoys a 43.5% (2019: 43.5%) refund on the R&D expenditures incurred for the reporting period. Upon enjoyment of such incentive, the relevant R&D expenditures will not be qualified as tax losses and will be treated as non-deductible expenses.

Other gains and losses

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Exchange gains, net	**34,665**	1,385
Others	**(999)**	(105)
	33,666	1,280

5. FINANCE COSTS

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Interest expenses on:		
Bank borrowings	**5,785**	2,944
Contract liabilities	**510**	–
Lease liabilities	**509**	235
	6,804	3,179
Less: Interest capitalized in construction in progress ("**CIP**")	**–**	(2,944)
	6,804	235

Borrowing costs capitalized during the six months ended June 30, 2019 arose on the specific bank borrowings for the construction of new facilities. The construction was completed in December 2019 so no further capitalization on interest expenses was incurred onwards.

6. INCOME TAXATION

The Company is exempted from taxation under the laws of the Cayman Islands.

Under the Law of the EIT Law and its implementation regulations, the tax rate of the PRC entities is 25% (2019: 25%). Subsequent to the end of the Reporting Period, Jiangsu Alphamab was accredited as a "high-tech enterprise" in Suzhou Free Trade Zone and therefore is entitled to obtain a refund from the local government of Suzhou Free Trade Zone for a three-year period since 2020.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 27.5%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 27.5%.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will be taxed at a flat rate of 16.5%.

No provision for income taxation has been made as the Company and its subsidiaries either had no assessable profit or incurred tax losses in all relevant places of operation for both reporting periods.

7. LOSS FOR THE PERIOD

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Loss for the period has been arrived at after charging:		
Staff cost (including directors' emoluments):		
Salaries and other allowances	**33,863**	17,385
Retirement benefits scheme contributions	**2,512**	2,549
Share-based payment expenses	**20,086**	12,356
Total staff costs	**56,461**	32,290
Auditor's remuneration	**1,549**	44
Cost of inventories included in R&D expenses	**27,252**	8,098
Outsourcing service fees included in R&D expenses	**57,299**	27,655
Issue costs paid for the series B convertible redeemable preferred shares included in administrative expenses	**–**	348
Short-term lease expenses	**20**	172
Depreciation of property, plant and equipment	**8,547**	344
Depreciation of right-of-use assets	**5,568**	4,932
Less: capitalization in CIP	**–**	(247)
	5,568	4,685

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company (the "**Shareholders**") during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

9. LOSS PER SHARE

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

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Loss:		
Loss for the period attributable to owners of the Company for the purposes of calculating basic loss per share	**(103,100)**	(58,785)
Fair value change of convertible redeemable preferred shares	**–**	(22,436)
Loss for the period attributable to owners of the Company for the purposes of calculating diluted loss per share	**(103,100)**	(81,221)
Number of shares ('000):		
Weighted average number of shares for the purposes of basic loss per share	**925,576**	515,633
Effect of dilutive potential ordinary shares: convertible redeemable preferred shares	**–**	152,648
Weighted average number of shares for the purposes of diluted loss per share	**925,576**	668,281

The computations of basic and diluted loss per share for the six months ended June 30, 2019 are based on weighted average number of shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the share subdivision of the Group had been in effect on January 1, 2019.

The calculation of diluted loss per share for the six months ended June 30, 2020 and 2019 has not considered shares options awarded under the pre-IPO share option schemes as their inclusion would be anti-dilutive. The calculation of diluted loss per share for the six months ended June 30, 2020 has not considered over-allotment options as their inclusion would be anti-dilutive.

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended June 30, 2020, the Group acquired property, plant and equipment of RMB19,308,000 (for the six months ended June 30, 2019: RMB78,042,000) which mainly consists of R&D, plant and equipment. The Group also entered into a new lease agreement for its office premises for 2 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognized RMB860,000 of right-of-use assets and lease liabilities, respectively.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	June 30,	December 31,
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Other receivables, deposits and prepayments	**56,004**	36,128
Value-added tax recoverable	**31,761**	31,477
Total trade and other receivables	**87,765**	67,605
Presented as non-current assets	**31,585**	31,490
Presented as current assets	**56,180**	36,115
	87,765	67,605

12. TRADE AND OTHER PAYABLES

	June 30, 2020 ***RMB'000*** **(unaudited)**	December 31, 2019 *RMB'000* (audited)
Trade payables	**10,208**	6,853
Accrued expenses		
– Outsourcing service fees	**19,551**	15,284
– Other R&D expenses	**4,955**	2,174
– Listing expenses	**1,539**	16,296
– Issue costs	**–**	13,541
– Staff costs	**10,438**	11,434
– Interest expenses	**288**	351
– Others	**4,028**	4,571
	40,799	63,651
Payables for acquisition of property, plant and equipment	**44,331**	73,119
Other payables	**3,467**	2,339
	98,805	145,962

The average credit period of trade payables ranged from 30 to 60 days.

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

	June 30, 2020 ***RMB'000*** **(unaudited)**	December 31, 2019 *RMB'000* (audited)
0 – 90 days	**10,208**	6,853

FUTURE DEVELOPMENT

The Group will continue to strive for delivering world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. To accomplish this mission, we will commit to advancing clinical development of our product pipeline, including developing KN046 for various major cancer indications as well as selected indications using a fast/first-to-market approach. We will also strategically focus on cancers with HER2 expression in our KN026 clinical development plan. In the meantime, leveraging our strong in-house R&D capabilities, we will further advance our pre-clinical programs of four bispecific immune-oncology drug candidates and will leverage our technology platforms to discover, validate and select targets and lead candidates to enrich our early-stage pipeline with a focus on immuno-oncology-based bispecific and multi-specific drugs. We will also continue to optimize our manufacturing process and technologies to enhance product quality and control costs. To maximize the commercial value of our assets with global rights, we will also continue to actively seek strategic collaboration opportunities for our core products, such as co-development, collaboration in combination development, and licensing.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended June 30, 2020 to the Shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on March 28, 2018 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on December 12, 2019.

Compliance with the Corporate Governance Code

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company had adopted and applied the principles and code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. During the six months ended June 30, 2020, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code, except for the following deviation:

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. XU currently serves as the chairman of the Board and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. Our Directors believe that it is beneficial to the business operations and management of the Group that Dr. XU continues to serve as both the chairman of the Board and the chief executive officer of the Company.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices.

Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ending December 31, 2020.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its securities code to regulate the dealing by the Directors in securities of the Company. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2020.

The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the six months ended June 30, 2020.

The Company has also established a policy on inside information to comply with its obligations under the Securities and Futures Ordinance and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any subsidiaries of the Group purchased, redeemed or sold any of the Company's listed securities for the six months ended June 30, 2020.

Audit Committee

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated interim results for the six months ended June 30, 2020.

The financial information for the six months ended June 30, 2020 set out in this announcement and the interim report has been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee. Based on their review, Deloitte Touche Tohmatsu confirmed that nothing has come to their attention which causes them to believe that the interim financial information was not prepared, in all material respects, in accordance with IAS 34 "Interim financial reporting".

Use of Proceeds from the Global Offering

The Company's Shares were listed on the Stock Exchange on December 12, 2019 with a total of 236,863,365 offer shares (including Shares issued as a result of the full exercise of the over-allotment option) issued. The net proceeds from the global offering amounted to approximately HK$2,042.5 million. As of June 30, 2020, the Company did not utilize any of the proceeds from the global offering. Going forward, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there is no change in the intended use of net proceeds as previously disclosed in the Prospectus. The Company expects that approximately HK$551.5 million to HK$653.6 million, accounting for approximately 26.5% to 32% of the net proceeds of the global offering, will be utilized by June 30, 2021 and plans to utilize the balance of net proceeds of the global offering by the end of 2022. The expected timeline for utilizing the net proceeds from the global offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

The following table sets forth the breakdown of our expected uses of proceeds from the global offering:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		**Percentage of proceeds from the global offering expected to be used by June 30, 2021**
	HK$ million	***Percentage***	
Key drug development programs			
the R&D and commercialization of KN046			
– the ongoing and planned clinical trials of, and preparation of registration filings for, KN046	817.0	40%	Approximately 5.0% to 6.0%
– the launch and, subject to regulatory approval, commercialization of KN046	204.3	10%	Approximately 2.0% to 3.0%
Subtotal	**1,021.3**	**50%**	**Approximately 7.0% to 9.0%**
the R&D and commercialization of KN026			
– the ongoing and planned clinical trials of, and preparation of registration filings for, KN026	326.8	16%	Approximately 5.5% to 6.0%
– the launch and, subject to regulatory approval, commercialization of KN026	81.7	4%	Approximately 1.5% to 2.0%
Subtotal	**408.5**	**20%**	**Approximately 7.0% to 8.0%**

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		Percentage of proceeds from the global offering expected to be used by June 30, 2021
	HK$ million	*Percentage*	
the R&D of KN019	102.1	5%	Approximately 1.5% to 2.0%
Subtotal	1,531.9	75%	Approximately 15.5% to 19.0%
The construction of our new manufacturing and R&D facilities in Suzhou	306.4	15%	Approximately 8.5% to 10.0%
The early-stage pipeline and our working capital and general corporate purposes	204.3	10%	Approximately 2.5% to 3.0%
Total	2,042.5	100%	Approximately 26.5% to 32.0%

Subsequent Events

Save as disclosed in the section headed "Management Discussion and Analysis – Business Review – Events after the Reporting Period" above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2020 and up to the date of this announcement.

Principal Risks and Uncertainties

Our business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.alphamabonc.com**).

The interim report for the six months ended June 30, 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

By order of the Board
Alphamab Oncology
Dr. XU Ting
Chairman and Executive Director

Hong Kong, August 28, 2020

As at the date of this announcement, the Board comprises Dr. XU Ting as the Chairman and Executive Director and Ms. LIU Yang as Executive Director, Mr. XU Zhan Kevin and Mr. QIU Yu Min as Non-executive Directors, and Dr. JIANG Hualiang, Mr. WEI Kevin Cheng and Mr. WU Dong as Independent Non-executive Directors.