JHBP (CY) Holdings Limited
嘉和生物藥業(開曼)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6998)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of JHBP (CY) Holdings Limited (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2020. These interim results have been reviewed by the Company's audit committee and the Company's auditor.

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

FINANCIAL HIGHLIGHTS

- **Research and development expenses** were RMB271.5 million for the Reporting Period, as compared with RMB347.8 million for the six months ended 30 June 2020. The spending was mainly attributable to (i) our new drugs testing fee and ongoing clinical trials expenses and (ii) our employee salary and related benefit costs.

- **Total comprehensive loss** was RMB402.9 million for the Reporting Period, as compared with RMB534.3 million for the six months ended 30 June 2020 primarily because under the Hong Kong Financial Reporting Standards ("**HKFRS**"), the Group recorded share-based payment expenses of RMB90.4 million for the six months ended 30 June 2021, as compared with RMB184.8 million for the six months ended 30 June 2020.

- Under **Non-HKFRS measures**, our adjusted loss[(1)] was RMB293.5 million for the Reporting Period, as compared with RMB227.4 million for the six months ended 30 June 2020.

(1) Adjusted loss is calculated as loss for the Reporting Period excluding (i) fair value losses on preferred shares, (ii) share-based payment expenses, (iii) net foreign currency exchange losses and (iv) listing expenses. For details of the reconciliation of the loss for the Reporting Period to the adjusted loss of the Group, please refer to the section headed "Financial Review" in this announcement.

BUSINESS HIGHLIGHTS

During the six months ended 30 June 2021, we have continued to make remarkable progress in the development of our drug candidates in pipeline and business operations, including the following major milestones for our pipeline products and corporate achievements:

GB226 (Novel Anti-PD-1 mAb, Aibining 艾比寧)

- In July 2020, the National Medical Products Administration ("**NMPA**") accepted our new drug application ("**NDA**") submission for GB226 as a monotherapy for relapsed/refractory peripheral T-cell Lyphoma (r/r PTCL) and granted priority review status (優先審評). We have submitted response dossier to CDE's queries and are expecting the NDA approval for the indication of r/r PTCL from the NMPA in the second half of 2021.

GB242 (Infliximab Biosimilar, Jiayoujian 佳佑健)

- In November 2020, the NMPA accepted our NDA submission for GB242.
- In April-May 2021, the On-Site Inspection for the Drug Registration (註冊現場核查) were successfully completed, including:
  - Manufacturing Inspection (生產核查) & GMP Compliance Inspection (GMP 符合性檢查) in our Yuxi site, Yunan Province;
  - Development Site Inspection (研製現場核查) in Shanghai;
  - Clinical Trial Data Inspection (臨床試驗數據核查) for Phase 1 & Phase 3 studies.

GB491 (Differentiated oral CDK4/6 inhibitor)

- In March 2021, we obtained investigational new drug ("**IND**") and Ethic Committee ("**EC**") approvals for the Phase 1b bridging studies: (1) GB491 and Letrozole in first line HR+/HER2- advanced breast cancer; and (2) GB491 and Fulvestrant in second line HR+/HER2- advanced breast cancer.
- In May 2021, we submitted IND applications for the two Phase 3 clinical studies.
- In June 2021, we received EC approval for the Phase 3 clinical trial of GB491 and Fulvestrant in second line HR+/HER2- advanced breast cancer.

GB492 (STING Agonist)

- In March 2021, we submitted the IND application for the Phase 1/2 clinical trial of GB492 as a monotherapy or in combination with GB226 in patients with advanced/treatment-refractory malignancies to the NMPA.
- In May 2021, the IND application has been approved.

GB261 (CD20/CD3)

- In March 2021, we submitted the first-in-human ("**FIH**") clinical trial application for GB261 in Australia.

- In June 2021, the EC approval and clinical trial notification ("**CTN**") were obtained in Australia.

Abstract Presentations

- In April 2021, we presented pre-clinical data at the 2021 American Association for Cancer Research (AACR) regarding our four bi-specific/tri-specific antibody candidates: GB261 (CD20/CD3), GB262 (PD-L1/CD55), GB263T (EGFR/c-Met/c-Met) and GB264 (Claudin 18.2/CD3).

Commercialization

- As of 30 June 2021, our in-house commercial team is fully setup and well trained for the upcoming new product launch of GB226. Partnership with CSO for non-core market promotion, 3rd party logistic and distributor companies have been formed solidly. We have started pre-launch marketing activities e.g. participated multiple national and regional hematology and lymphoma conferences to share strong data of GB226 r/r PTCL study during the six months ended 30 June 2021.

Manufacturing

- In February 2021, we have signed an investment agreement with China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Administration to build a commercial manufacturing facility with over 43,000 sqm.

OUR MISSION

Our mission is to become a biopharmaceutical engine in discovery, research, development, manufacturing and commercialization of innovative therapeutics initially for patients in China and gradually for patients globally.

OVERVIEW

Founded in 2007, the Group has been strategically focused on major therapeutic areas with substantial unmet medical needs in oncology, autoimmune and other chronic diseases. In recent years, with research centers built in both Shanghai, China and San Francisco, United States, the Group has also been expanding research and development footprint globally to build and enrich its novel drug pipeline.

The business of the Group is backed by its integrated biopharmaceutical platform covering all the key drug development functionalities, including discovery, research, clinical development, chemistry, manufacturing and controls ("**CMC**"), regulatory affairs and business development. Its integrated platform enables the Group to manage the risks of drug development by identifying and addressing potential CMC and clinical barriers early in the development process, which allows the Group to direct its efforts towards molecules with the best potential to become clinically beneficial and commercially viable drugs. Further, the Group has commercialization-ready manufacturing capabilities with quality excellence and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies that allow the Group to generate higher titer and yield than the conventional technologies, reaching the high-end of the industry range. The core management team members of the Group have more than 15 years of industry experience on average with a proven track record and a well-balanced combination of expertise spanning research and discovery, clinical development, manufacturing, regulatory affairs, commercialization and financing. The shareholders of the Group consist of global and Chinese biotechnology-focused specialist funds and biopharma platforms experienced in supporting and growing biopharmaceutical companies, and the Group benefit from their resources and industry expertise.

THE GROUP'S DRUG CANDIDATES

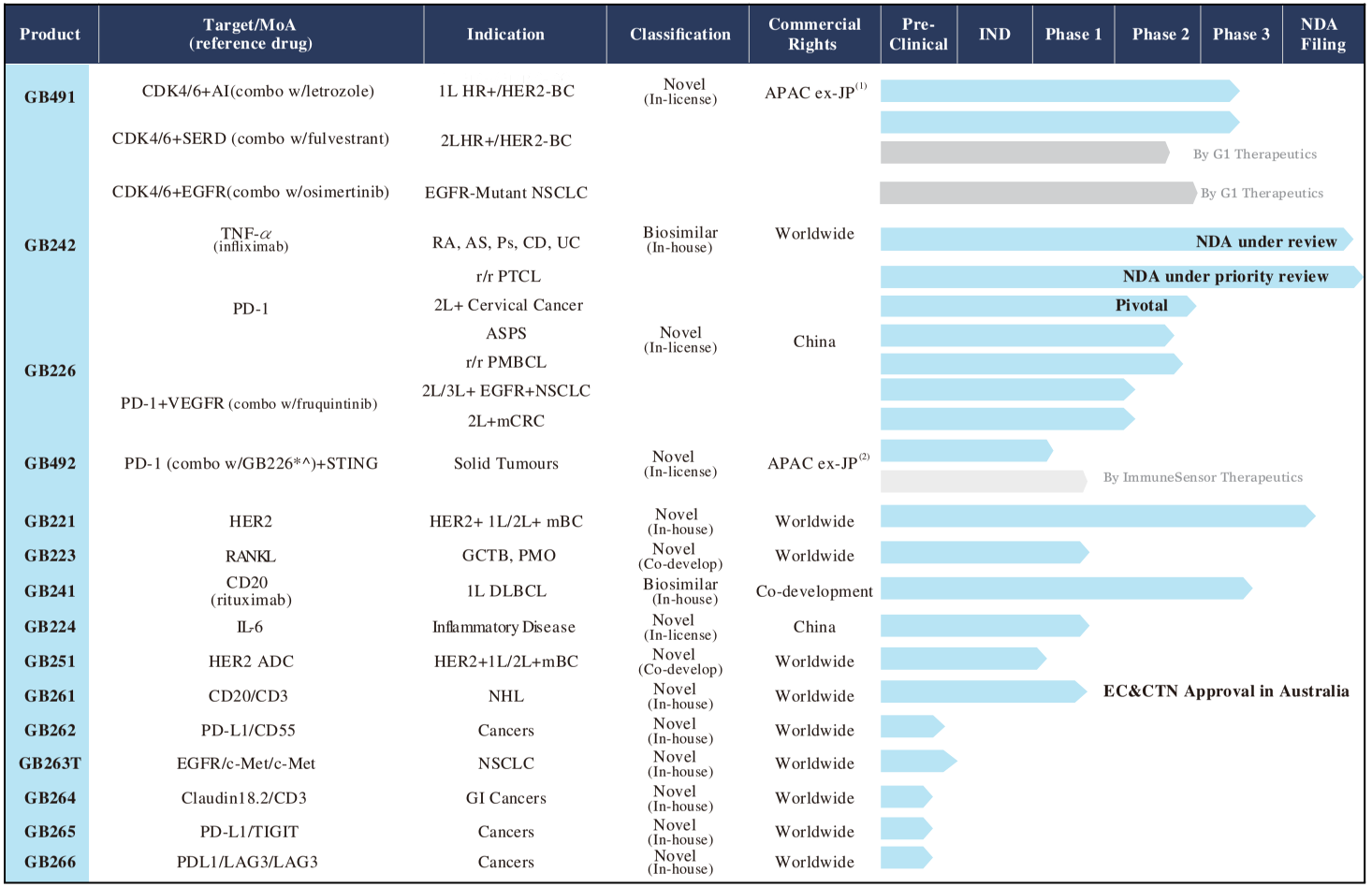
The Group has built up a well-balanced pipeline targeted drug candidates with significant commercialization potentials ongoing in Asia, with two NDAs under review by the NMPA, two registrational clinical trials to be launched in the next 3-6 months, and five IND applications and clinical trial notifications to be filed with the NMPA, the U.S. Food & Drug Administration ("**FDA**") and Australia Therapeutic Goods Administration, Department of Health ("**TGA**") in the next 12 months.

In particular, the Group has developed seven key drug candidates in development stage for various oncology, autoimmune and other chronic disease indications. The key drug candidates include lerociclib (GB491), a differentiated oral CDK4/6 inhibitor; geptanolimab (GB226), a novel anti-PD-1 mAb drug candidate; GB242, an infliximab (Remicade) biosimilar; coprelotamab (GB221), a novel anti-HER2 mAb drug candidate; GB492, a STING agonist expected to exert synergistic effects in combination with GB226; GB261, a differentiated bispecific antibody targeting CD20 and CD3; and GB263T, a unique tri-specific antibody targeting EGFR, c-Met and c-Met.

The Group also has a strong lineup of other bi-specific/tri-specific antibody drug candidates currently in the pre-clinical development stage, fueled by our differentiated immune-oncology discovery platform with strong antibody discovery platforms and unique phage-display libraries, Computer-Aided Antibody Design (CAAD) capabilities, and optimized Knobs-into-Holes design. Other leading drug candidates in the pre-clinical development stage include PD-L1/CD55 (GB262), Claudin 18.2/CD3 (GB264), PD-L1/TIGIT (GB265), and PD-L1/LAG3/LAG3 (GB266).

PRODUCT PIPELINE

The following chart shows our robust pipeline of drug candidates that are currently under development in China and worldwide across various therapeutic areas:



(1) Clinical trials are sponsored by G1 Therapeutics.

(2) Clinical trials are sponsored by ImmuneSensor Therapeutics.

BUSINESS REVIEW

During the six months ended 30 June 2021, we have continued to make remarkable progress in the development of our drug candidates in pipeline and business operations, including the following major milestones for our pipeline products and corporate achievements:

1. Events during the Reporting Period

Clinical Development and Regulatory Milestones

Development stage drug candidates

GB491

- GB491 (lerociclib), is a novel, potent, selective oral bioavailable CDK4/6 inhibitor co-developed by the Company and G1 Therapeutics, a US based company, for use in combination with endocrine therapy/targeted therapies in breast cancer. Based on the data published at European Society for Medical Oncology 2020 conference, GB491, comparing to the currently approved CDK4/6 inhibitor in China, palbociclib, has demonstrated a better safety profile and could be a potentially best-in-class CDK4/6 drug candidate.

- In March 2021, we obtained investigational new drug ("**IND**") and Ethic Committee ("**EC**") approvals for the Phase 1b bridging studies: (1) GB491 and Letrozole in first line HR+/HER2- advanced breast cancer; and (2) GB491 and Fulvestrant in second line HR+/HER2- advanced breast cancer.

- In May 2021, we submitted IND applications for the two Phase 3 clinical studies.

- In June 2021, we received EC approval for the Phase 3 clinical trial of GB491 and Fulvestrant in second line HR+/HER2- advanced breast cancer.

- The Genor team completed the following key tasks in about 12 months from BD deal signed to Phase 3 trial IND approvals and trial set up: Starting from a Phase 1 trial formulation, achieved about 70% cost reduction for the optimization of the API synthesis, and the commercial formulation development and Phase 3 trial drug supply production; 3-month GLP tox study required for Phase 3 IND submission; Phase 3 trial protocol development, pre-IND and IND submission and approvals, and EC approvals and Phase 3 trial set up. Normally, it takes more than one year to develop a commercial formulation and produce the phase 3 trial drug supply alone.

GB226

- GB226 is an investigational, humanized, IgG4 mAb targeting the programmed cell death-1 receptor (PD-1) on immune cells. It selectively blocks dual ligands (PD-L1 and PD-L2), and restores the ability of the immune system to recognize and kill tumor cells.

- In July 2020, the National Medical Products Administration accepted our new drug application ("**NDA**") submission for GB226 as a monotherapy for relapsed/refractory peripheral T-cell Lymphoma (r/r PTCL) and granted priority review status (優先審評). We have submitted response dossier to CDE's queries and are expecting the NDA approval for the indication of r/r PTCL from the NMPA in the second half of 2021.

- Relapse and refractory peripheral T-cell lymphoma (r/r PTCL) presents highly unmet medical needs with a median overall survival (OS) of less than one year for patients who failed first line therapy. Novel combination therapies have been extensively explored to enhance clinical benefit for r/r PTCL patients. Comparing to existing therapies approved for PTCL, highlights of GB226 are listed below:

    - Demonstrated promising efficacy with an Independent Review Committee (IRC)-assessed ORR of 39.4%, which is highly competitive to the other approved drugs in r/r PTCL

    - The clinical benefit is very sustainable. As of 30 April 2021, according to IRC assessment, the median DOR is over 18 months among those patients with confirmed response, nearly twice of existing therapies.

    - The clinical benefit has been shown in the major PTCL subtypes including the very aggressive subtypes (ALCL ALK-ORR: 53.8%, ENKTL ORR: 64.7%).

    - Relapsed or refractory patients who failed Chidamide also obtained the benefit, and the ORR reached 37.5%.

    - As a drug with new MOA, GB226 has a good safety profile with a much lower hematological and gastrointestinal toxicities compared with other approved r/r PTCL regimens.

    - GB226 is the only drug which has the low overlapped toxicities with the potential combination therapies. Together with the unique Immuno-Oncology (I/O) MOA and the promising clinical activity, GB226 can provide r/r PTCL patients better treatment results via potential combination therapy.

GB242

- In November 2020, the NMPA accepted our NDA submission for GB242.
- In April-May 2021, the On-Site Inspection for the Drug Registration (註冊現場核查) were successfully completed, including:
    - Manufacturing Inspection (生產核查) & GMP Compliance Inspection (GMP 符合性檢查) in our Yuxi site, Yunan province;
    - Development Site Inspection (研製現場核查) in Shanghai;
    - Clinical Trial Data Inspection (臨床試驗數據核查) for Phase 1 & Phase 3 studies.

GB221

- Coprelotamab (GB221) is a mAb for HER2+ mBC in China. We have completed the Phase 3 clinical trial in 2L HER2+ metastatic and advanced breast cancer in China in 2020 and the primary endpoint has met. GB221 has demonstrated a comparable safety and toxicity profile and efficacy to those of trastuzumab in pre-clinical studies and clinical trials.

GB492

- GB492 (IMSA101, STimulator of interferon genes, STING) is the major mediator of innate immune sensing of cancerous cells, which the Group exclusively licensed from ImmuneSensor Therapeutic in June 2020. STING agonist, as an immune stimulatory therapy, may further increase the response of immune checkpoint inhibitors for patients. Multiple studies have shown that STING agonists can activate the cGAS-STING signaling and significantly enhance the efficacy of cancer immunity cycle when using in combo with other immune checkpoint inhibitors (ICI), which may become a potential first-in-class therapy.
- In March 2021, we submitted the IND application for the Phase 1/2 clinical trial of GB492 mono or in combination with GB226 in patients with advanced/treatment-refractory malignancies to the NMPA.
- In May 2021, the IND of GB492 was approved by NMPA, in which an innovative FIH trial design was employed to combine the dose escalations when GB492 is administered alone and when it is administered with GB226 in ONE FIH study.

GB261

- GB261 is a highly differentiated CD20/CD3 bi-specific antibody developed in-house. GB261 is the first T-cell engager with very low CD3 binding affinity and maintaining Fc effector functions (ADCC and CDC). With similar binding affinity to CD20 as rituximab, GB261 significantly inhibits rituximab-resistant cancer cell proliferation by in vitro assays and in vivo models. More importantly, GB261 induces low levels of cytokine production by hPBMC and in monkeys, indicating low occurrences of CRS. Thus, GB261 is a highly promising bispecific therapeutic antibody for B cell malignancies. It may ultimately provide a concept shift to better and safer T-cell engager antibody drugs for various cancers.

- In March 2021, we submitted the first-in-human clinical trial application for GB261 in Australia.

- In June 2021, EC approval and clinical trial notification ("**CTN**") were obtained in Australia.

- With CMC fully compliant with NMPA and US FDA standard, we plan to conduct global multi-center clinical trials across Australia, China and the US. Dual IND fillings with the NMPA in China and FDA in the US are in progress.

- The Genor team has got both EC and CTN approvals for the GB261's FIH trial in Australia, in which an optimized trial design was employed to achieve a good balance of patient safety and trial acceleration. We anticipate Australian patient efficacy and safety data to become available in Q4 2021.

GB263T (EGFR/cMet/cMet TsAb)

GB263T has been designed as a tri-specific antibody targeting EGFR and two different cMet epitopes. The tri-specific antibody has two Fabs to bind EGFR. Its Fc fragment has been mutated to enhance Fc functions. Thus, GB263T with highly differentiated design, exhibits multiple mechanisms of action to inhibit primary and secondary EGFR mutations and cMet signaling pathway simultaneously. The significant anti-tumor activities have been demonstrated by in vitro studies and in vivo animal models.

- GB263T potently blocked ligand-induced phosphorylation of EGFR and c-Met, and demonstrated better dual inhibition of EGFR and cMet signaling pathways compared to JNJ analogue (Fig. 1).

- GB263T effectively induced internalization of EGFR and cMet, and downregulated the expression levels of both EGFR and cMet (Fig. 1).

- GB263T strongly inhibited cell growth of Ba/F3 cells harboring EGFRexon20ins (Fig. 2), and resulted in dose-dependent inhibition of tumor growth by in vivo studies (Fig. 3).

- GB263T showed remarkable ADCC effects to kill cancer cells harboring resistance mutations in EGFR with c-Met expression or amplification.

- In addition, GB263T did not show any major toxicities in monkeys, even at a high dose of 100mg/kg given weekly for 4 weeks in a pre-tox study.

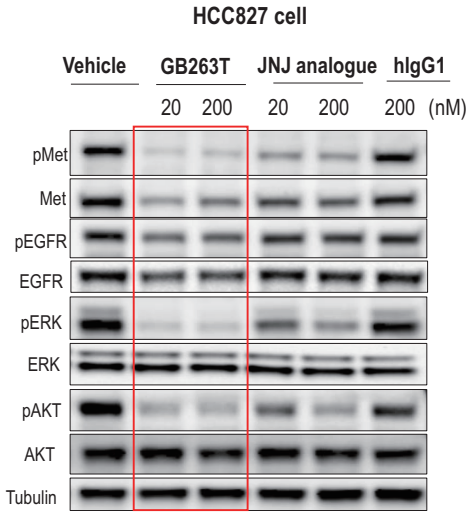
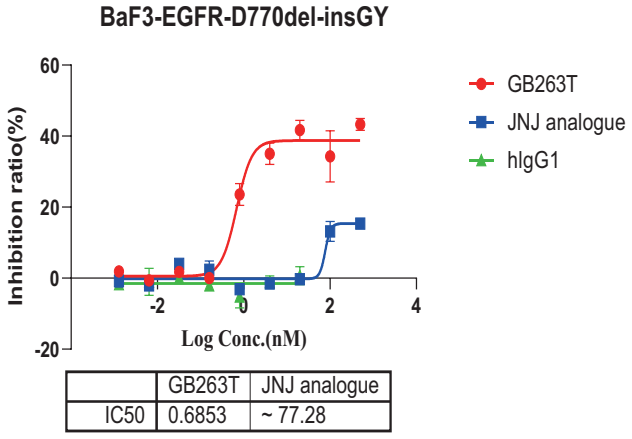


Figure 1. GB263T inhibited EGFR/cMET signaling pathways in HCC827 cells



	GB263T	JNJ analogue
IC50	0.6853	~ 77.28

Figure 2. GB263T inhibited the proliferation of BaF3 cells expressing EGFR-exon20ins (D770del-insGY)

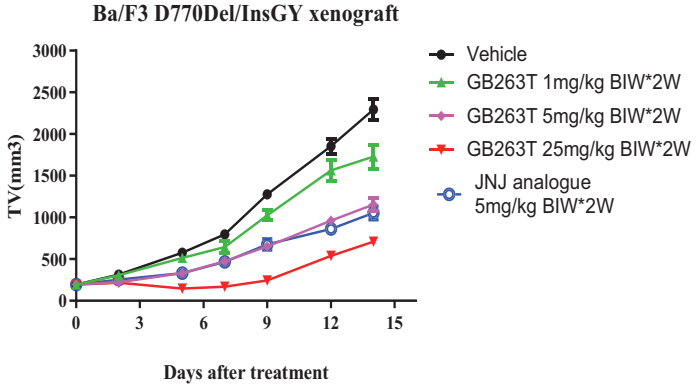


Figure 3. GB263T inhibited tumor growth in Ba/F3 EGFR D770Del/InsGY model

Other Pre-clinical development stage drug candidates

The Company is dedicated to be an end-to-end innovative antibody drug platform from target identification to commercial success. We have a strong antibody technology platform for the discovery and development of bi-specific/multi-specific antibodies. With the advanced antibody platform, we have generated multiple novel bi-specific/tri-specific antibodies.

GB262 (PD-L1/CD55 BsAb)

GB262 is a first-in-class bi-specific antibody targeting PD-L1 and CD55. CD55 inhibits complement activation, and is highly upregulated in a variety of cancer cells. Our specific design of lower binding affinity to CD55 aims to improve potential therapeutic window while maintaining blocking and internalization function.

GB264 (Claudin 18.2/CD3 BsAb)

GB264 has been designed as a differentiated T-cell engaging bi-specific antibody targeting Claudin18.2 expressing cancer cells with lower T-cell binding and differentiated Fc effector functions. In vitro data showed that GB264 exhibited significant anti-tumor activity. The drug candidate will be further analyzed by in vivo studies.

GB265 (PD-L1/TIGIT BsAb)

GB265 is a bi-specific antibody candidate targeting PD-L1 and TIGIT. TIGIT is key negative immune regulator present on T cells and natural killer cells (NK) that binds to CD155 (PVR) and CD112 (PVRL2). GB265 has been designed to block PD-L1/TIGIT simultaneously with enhanced efficacy and better safety profile. Pilot data indicated that GB265 effectively blocked the axis of PD-1/PD-L1 and CD155/TIGIT.

GB266 (PD-L1/LAG3/LAG3 TsAb)

GB266 is a first-in-class tri-specific antibody candidate designed to simultaneously block the interaction of LAG3-MHC II, FGL1-LAG3 and PD-L1/PD1 for more potent and sustainable T-cell activation. GB266 is more efficacious in antagonizing T-cell exhausting than the benchmark *in vitro*.

Commercialization

- Our in-house commercialization team is ready for new product launch of GB226. We have participated multiple national or regional hematology and lymphoma conferences, and have also formed supply chain and distribution partnerships and collaborations with CSO.

Manufacturing

Our CMC capabilities resulted from approximately one decade of relentless development efforts and have supported our own and our collaborators' IND applications with the NMPA and/or planned IND applications with the FDA for more than 20 antibodies. In addition, we have commercialization-ready manufacturing capabilities based in Yuxi, Yunnan with excellent quality and enhanced cost efficiencies, boasting concentrated fed-batch and perfusion technologies which allow us to generate higher titer and yield than the conventional technologies, driving the high end of the industry range. We benefit from our cost-effective and high-yield CMC capabilities.

- We have extended our CMC expertise to bi-specific and tri-specific antibodies, by making these hard-to-develop candidates into clinical drugs with high productivity and high quality, and accomplishing all IND-enabling works in less than 16 months. For GB261, all CMC-related works are completed and long term stability testing is ongoing. The titer is ~6g/L at fed-batch mode. For GB263T, MCB/WCB, IND-stage manufacturing processes (high titer of ~7g/L), formulation and analytical methods are all locked. GLP Tox materials will be supplied early September.

- We have signed an investment agreement with China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Administration to build a commercial manufacturing facility with over 43,000 sqm in February.

2. Events after the Reporting Period

The Company has continued to make strong efforts on advancing the development of drugs candidates in the pipeline after the Reporting Period, listed below:

GB491

- The Company has received IND approvals from the NMPA for the two Phase 3 clinical studies: (1) GB491 and Letrozole in first line HR+/HER2- advanced breast cancer; and (2) GB491 and Fulvestrant in second line HR+/HER2- advanced breast cancer in July 2021.

- The Ethic Committee Approval for the phase 3 clinical trial in first line HR+/HER2- advanced breast cancer has been obtained in August 2021.

GB261

- The pre-IND application for the first in human clinical trial of GB261 has been submitted to CDE in August 2021.

GB492

- The EC approval for the Phase 1/2 clinical trial of GB492 in patients with advanced/ treatment-refractory malignancies was received in July 2021.

GB242

- We have submitted response dossier to CDE's queries in August 2021.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

BUSINESS OUTLOOK

The Group strives to build up a world-class China-based innovative biopharmaceutical company through its integrated biopharmaceutical platform. To achieve this mission, the Group will continue to expand our innovative pipeline to address unmet medical needs in China and globally and at the same time to maximize existing portfolio by developing and executing comprehensive strategy. We will also continue to expedite regulatory approval and commercialization of the Group's lead product candidates and rapidly advance the Group's novel bi-specific/tri-specific pipeline candidates into clinical stages.

In particular, we expect to launch geptanolimab (GB226) in the next 3 to 6 months, and infliximab biosimilar (GB242) in the next 6 to 12 months, upon approval of NDAs that are currently under review. We will continue to explore approval for geptanolimab (GB226) in other indications as well as novel combination therapy potential, including combination therapy with our STING agonist (GB492), to benefit more patients in China with unmet medical needs.

Regarding key drug candidates in our portfolio treating breast cancer, we start to rapidly enroll patients for two phase 3 clinical trials for lerociclib (GB491) in 1L and 2L HR+/HER2-breast cancer. We remain committed to addressing the large market of breast cancer with the potential best in class compound.

In addition, we will continue to focus on developing our early-stage innovative pipeline from our two research hubs in Shanghai and San Francisco. We currently have multiple bi-specific and tri-specific antibody drug candidates, the highlights among which include candidates targeting CD20/CD3, PD-L1/CD55, EGFR/cMet/cMet, and Claudin 18.2/CD3, none of which currently have approved drugs worldwide. We plan to file IND applications with the NMPA, the FDA and the TGA and advance these antibody drug candidates into the clinical stage in the next 6 to 18 months, and further explore global development opportunities. Specifically,

- We expect to file IND for GB261 (CD20/CD3) in China and the US in the near-term.

- We plan to quickly move GB263T (EGFR/cMet/cMet) into clinical stage and file IND early next year.

FINANCIAL REVIEW

The Reporting Period Compared to the six months ended 30 June 2020

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Revenue	**–**	3,757
Cost of revenue	**–**	(837)
Gross profit	**–**	2,920
Selling expenses	**(27,115)**	–
Administrative expenses	**(117,420)**	(93,657)
Research and development expenses	**(271,527)**	(347,798)
Other income	**5,640**	1,999
Other gains/(losses) - net	**16,215**	(92,299)
Operating loss	**(394,207)**	(528,835)
Finance income	**7,447**	620
Finance costs	**(19,734)**	(9,060)
Finance costs – net	**(12,287)**	(8,440)
Loss before income tax	**(406,494)**	(537,275)
Income tax credit	**3,950**	2,688
Loss for the Reporting Period	**(402,544)**	(534,587)

Revenue

Our revenue for the six months ended 30 June 2021 was nil. Our revenue for the six months ended 30 June 2020 was RMB3.8 million, primarily generated by providing research and manufacturing services to our customers under fee-for-service contract.

Cost of Revenue

Our cost of revenue for the six months ended 30 June 2021 was nil, as compared to RMB0.8 million for the six months ended 30 June 2020. This change is primary due to the decrease of our revenue.

Selling Expenses

Our selling expenses were RMB27.1 million for the six months ended 30 June 2021, and the spending was due to the set up of our commercial team in July 2020.

Administrative Expenses

Our administrative expenses increased by 25.4% from RMB93.7 million for the six months ended 30 June 2020 to RMB117.4 million for the six months ended 30 June 2021, primarily due to the increase of our employee benefit expenses, for managerial personnel, mainly employee share-based payment expenses, as well as increase of headcount.

Research and Development Expenses

Our research and development expenses decreased by 21.9% from RMB347.8 million in the six months ended 30 June 2020 to RMB271.5 million in the six months ended 30 June 2021, primarily due to the decrease of employee benefit expenses, for research and development personnel, especially employee share-based payment expenses.

The following table summarizes the components of our research and development expenses for the six months ended 30 June 2021 and 2020 respectively:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Testing fee and clinical trial expenses	**90,858**	94,550
Employee benefits expenses	**106,433**	194,223
Raw material and consumables used	**30,641**	28,347
Depreciation and amortization	**26,415**	20,885
Utilities	**5,020**	4,355
Traveling and transportation expenses	**2,354**	1,445
Consulting fee	**5,934**	1,068
Others	**3,872**	2,925
Total	**271,527**	347,798

Other Income

Other income primarily consists of government grants and net fair value gains or losses on contingent consideration payable to Ab Studio Inc. ("**ABS**"). Government grants increased from RMB2.4 million for the six months ended 30 June 2020 to RMB2.9 million for the six months ended 30 June 2021. Net fair value changes on contingent consideration payable to ABS changed from losses of RMB0.4 million for the six months ended 30 June 2020 to gains of RMB2.8 million for the six months ended 30 June 2021.

Other Gains/(Losses) – Net

Our other gains/(losses) – net changed from net losses of RMB92.3 million for the six months ended 30 June 2020 to net gains of RMB16.2 million for the six months ended 30 June 2021. This is primarily due to (i) RMB92.1 million of the net fair value losses on preferred shares for the six months ended 30 June 2020 and (ii) RMB16.5 million of the net gains on financial assets at fair value through profit or loss for the six months ended 30 June 2021.

Finance Income and Costs

Finance income increased from RMB0.6 million for the six months ended 30 June 2020 to RMB7.4 million for the six months ended 30 June 2021, primarily due to the interest income increase of bank deposit.

Finance costs increased from RMB9.1 million for the six months ended 30 June 2020 to RMB19.7 million for the six months ended 30 June 2021, primarily due to the foreign exchange losses.

Loss for the Reporting Period

As a result of the foregoing, our losses decreased to RMB402.5 million for the six months ended 30 June 2021 from RMB534.6 million for the six months ended 30 June 2020.

Liquidity and Source of Funding and Borrowing

Our management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flow. We rely on equity financing as the major source of liquidity. Historically, we had borrowed loans from related parties and bank.

As at 30 June 2021, the Group's cash and cash equivalents decreased to RMB2,579.1 million from RMB2,929.7 million as at 31 December 2020. The decrease was mainly due to the operating loss for the six months ended 30 June 2021.

Non-HKFRS Measure

To supplement the Group's consolidated financial statements which are prepared in accordance with the HKFRS, the Company also uses adjusted loss as an additional financial measure, which is not required by, or presented in accordance with HKFRS. The Company believes that this non-HKFRS financial measure is useful for understanding and assessing underlying business performance and operating trends. The Company also believes that the Company's management and investors may benefit from referring to this non-HKFRS financial measure in assessing the Group's financial performance by eliminating the impact of certain items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of this non-HKFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. The use of this non-HKFRS measure has limitations as an analytical tool, and investors should not view the non-HKFRS financial results on a stand-alone basis or as a substitute for results under HKFRS, or as being comparable to results reported or forecasted by other companies.

The following table reconciles our Adjusted Loss for the Reporting Period to the most directly comparable financial measure calculated and presented in accordance with HKFRS.

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
HKFRS Loss for the Reporting Period	**(402,544)**	(534,587)
Add:		
Net fair value losses on Preferred Share	**–**	92,081
Share-based payment expense	**90,368**	184,775
Net foreign currency exchange loss	**18,627**	4,527
Listing expenses	**–**	25,757
Adjusted Loss for the Reporting Period	**(293,549)**	(227,447)

Key Financial Ratios

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

	As at	As at
	30 June	31 December
	2021	2020
Current ratio[1]	**10.43**	12.47
Quick ratio[2]	**10.26**	12.34
Gearing ratio[3]	**0.11**	0.09

1. Current ratio is calculated using current assets divided by current liabilities as of the same date.

2. Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the same date.

3. Gearing ratio is calculated using total liabilities divided by total assets.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5 percent or more of the Company's total assets as at 30 June 2021) during the six months ended 30 June 2021.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended 30 June 2021.

Pledge of Assets

As at 30 June 2021, none of the Group's assets were pledged.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2021 (as at 31 December 2020: nil).

Foreign Exchange Exposure

During the six months ended 30 June 2021, we operated in the PRC with most of the transactions settled in Renminbi. Our presentation and functional currency is Renminbi. We were not exposed to significant foreign exchange risk as there were no significant financial assets or liabilities of us denominated in the currencies other than Renminbi, except for the cash at bank in USD and HKD, which were primarily received from the investors as capital contributions and the proceeds obtained from the initial public offering.

As at 30 June 2021, if RMB weakened or strengthened by 10% against USD, with all other variables held constant, loss for the six months ended 30 June 2021 would have been approximately RMB40.4 million lower or higher (for the year ended 31 December 2020: RMB46.7 million lower or higher).

As at 30 June 2021, if RMB weakened or strengthened by 10% against HKD, with all other variables held constant, loss for the six months ended 30 June 2021 would have been approximately RMB33.5 million lower or higher (for the year ended 31 December 2020: RMB225.3 million lower or higher).

We did not use any derivative contracts to hedge against our exposure to currency risk during the Reporting Period. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As at 30 June 2021, the Group had a total of 607 (as at 31 December 2020: 508) employees including 417 employees in Shanghai, 182 employees in Yuxi, Yunnan, 1 employee in Hong Kong and 7 employees in San Francisco, United States. The following table sets forth the total number of employees by function as of 30 June 2021:

	Number of employees	% of total
Function		
Research and Development	335	55.2%
Clinical Development	106	17.5%
Commercial Operation	101	16.6%
General and Administration	65	10.7%
Total	**607**	**100.0%**

The total remuneration cost incurred by the Group for the six months ended 30 June 2021 was RMB220.5 million, as compared to RMB250.2 million for the six months ended 30 June 2020.

Our employees' remuneration comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. As of 30 June 2021, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under Chinese laws in all material aspects.

The Company also has adopted a Pre-IPO share option plan (the "**Pre-IPO Share Option Plan**"), a post-IPO share option plan (the "**Post-IPO Share Option Plan**") and a 2021 restricted share unit plan (the "**2021 RSU Plan**") to provide incentives or rewards to eligible participants for their contribution to the Group. Please refer to the section headed "Statutory and General Information – D. Share Option Schemes" in Appendix IV to the prospectus of the Company dated 23 September 2020 (the "**Prospectus**") for further details of the Pre-IPO Share Option Plan and the Post-IPO Share Option Plan and the announcement of the Company dated 3 June 2021 for further details of the 2021 RSU Plan.

CORPORATE GOVERNANCE

The Board is committed to achieving 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.

Compliance with the Code on Corporate Governance Practices

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

During the six months ended 30 June 2021, the Company has complied with all the code provisions set out in the CG Code.

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to all the Directors and they have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

Audit Committee

The Group has established an audit committee in compliance with Rule 3.21 of the Listing Rules and the CG Code, which comprises three members, being Mr. FUNG Edwin, Mr. ZHOU Honghao and Dr. NI Lin, with Mr. FUNG Edwin (being the Company's independent non-executive Director with the appropriate professional qualifications) as the chairman of the audit committee.

The audit committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 and this announcement. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters.

In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2021 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.

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

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

Material litigation

The Company was not involved in any material litigation or arbitration during the six months ended 30 June 2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

Use of net proceeds from Global Offering

The Company's shares were listed on the Stock Exchange on 7 October 2020 with a total of 129,683,500 offer shares (including shares issued as a result of the partial exercise of the over-allotment option) issued and the net proceeds raised during the global offering were approximately HK$2,923 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

As at 30 June 2021, approximately RMB523.8 million of the net proceeds of the global offering had been utilized *Note (1)*.

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus *Note(1)* *RMB million*	**Utilization as at 30 June 2021** *RMB million*	**Unutilized as at 30 June 2021** *RMB million*
Fund research and development activities of our Core Products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings, and commercialization	1,065.1	258.4	806.7
Fund research and development activities of our other key products, including ongoing and planned clinical trials, indication expansion and preparation for registration filings	583.3	94.2	489.1
Fund ongoing and planned clinical trials, indication expansion and preparation for registration filings of the other drug candidates in our pipeline	380.4	51.5	328.9
Fund the expansion of our drug pipeline	253.6	32.9	220.7
General corporate purposes	253.6	86.8	166.8
	2,536.0	523.8	2,012.2

Note:

(1) The net proceeds includes the additional net proceeds from the partial exercise of the over-allotment option. As set out in the Company's announcement dated 28 October 2020, the Company shall utilize the additional net proceeds on a pro rata basis for the purposes as set out in the Prospectus. The net proceeds figure has been translated to Renminbi for the allocation and the utilization calculation, and has been adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

The table below specifies the further breakdown for net proceeds to be allocated to different stages of each of our Core Products[1], other key products and other pipeline products and their utilization *Note (2)*:

	Net Proceeds to be Allocated to Each Stage *Note (2)*				
	Pre-clinical *RMB million*	**Clinical** *RMB million*	**Commercialization (including registration)** *RMB million*	**Utilization as at 30 June 2021** *RMB million*	**Unutilized as at 30 June 2021** *RMB million*
Core Products					
GB226, including combination trials with GB492	–	380.4	253.6	**120.5**	**513.5**
GB221	–	126.8	126.8	**80.3**	**173.3**
GB242	–	51.5	126.0	**57.6**	**119.9**
Other Key Products					
GB491	–	380.4	–	**91.4**	**289.0**
GB223	–	202.9	–	**2.8**	**200.1**
Other Pipeline Products (including GB241, GB222, GB224, GB235, GB251, GB232, GB261, GB262, GB263 and GB264)	125.5	254.9	–	**51.5**	**328.9**
				404.1	**1,624.7**

Note:

(2) The net proceeds includes the additional net proceeds from the partial exercise of the over-allotment option. As set out in the Company's announcement dated 28 October 2020, the Company shall utilize the additional net proceeds on a pro rata basis for the purposes as set out in the Prospectus. The net proceeds figure has been translated to Renminbi for the allocation and the utilization calculation, and has been adjusted slightly due to rounding and the fluctuation of the foreign exchange rates since the Listing.

1 "Core Products" has the meaning ascribed to it under Chapter 18A of the Listing Rules.

Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended 30 June 2021.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	3	**–**	3,757
Cost of revenue		**–**	(837)
Gross profit		**–**	2,920
Selling expenses		**(27,115)**	–
Administrative expenses		**(117,420)**	(93,657)
Research and development expenses		**(271,527)**	(347,798)
Other income		**5,640**	1,999
Other gains/(losses) - net		**16,215**	(92,299)
Operating loss		**(394,207)**	(528,835)
Finance income		**7,447**	620
Finance costs		**(19,734)**	(9,060)
Finance costs – net		**(12,287)**	(8,440)
Loss before income tax		**(406,494)**	(537,275)
Income tax credit	4	**3,950**	2,688
Loss for the Reporting Period		**(402,544)**	(534,587)
Loss for the Reporting Period is attributable to:			
Owners of the Company		**(400,893)**	(533,385)
Non-controlling interests		**(1,651)**	(1,202)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**(342)**	305
Total comprehensive loss for the Reporting Period		**(402,886)**	(534,282)
Total comprehensive loss for the Reporting Period is attributable to:			
Owners of the Company		**(401,235)**	(533,080)
Non-controlling interests		**(1,651)**	(1,202)
Loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (in RMB)	5	**(0.82)**	(2.25)

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 June 2021 *RMB'000 (Unaudited)*	As at 31 December 2020 *RMB'000 (Audited)*
ASSETS		
Non-current assets		
Property, plant and equipment	**191,667**	200,288
Right-of-use assets	**26,010**	28,875
Intangible assets	**171,339**	156,936
Other receivables, deposits and prepayments	**136,443**	80,300
Deferred income tax assets	**9,171**	5,643
Total non-current assets	**534,630**	472,042
Current assets		
Inventories	**43,679**	31,465
Contract cost	**1,755**	1,755
Other receivables, deposits and prepayments	**85,145**	108,690
Amounts due from related parties	**27,754**	27,754
Restricted bank deposits	**2,000**	2,000
Cash and cash equivalents	**2,579,149**	2,929,743
Total current assets	**2,739,482**	3,101,407
Total assets	**3,274,112**	3,573,449

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 30 June 2021 *RMB'000 (Unaudited)*	As at 31 December 2020 *RMB'000 (Audited)*
EQUITY			
Equity attributable to the ordinary equity holders of the Company			
Share capital		**67**	67
Share premium		**9,228,592**	9,187,780
Treasury shares		**(6,813)**	(6,813)
Other reserves		**(1,375,106)**	(1,426,445)
Accumulated losses		**(4,921,429)**	(4,520,536)
		2,925,311	3,234,053
Non-controlling interests		**1,421**	3,072
Total equity		**2,926,732**	3,237,125
LIABILITIES			
Non-current liabilities			
Contract liabilities		**–**	755
Lease liabilities		**17,378**	16,014
Amounts due to related parties		**32,699**	34,797
Deferred income		**20,944**	21,903
Deferred income tax liabilities		**13,703**	14,125
Total non-current liabilities		**84,724**	87,594
Current liabilities			
Trade payables	7	**92,208**	91,732
Contract liabilities		**5,647**	4,893
Other payables and accruals		**132,411**	116,346
Lease liabilities		**14,864**	15,045
Amounts due to related parties		**12,329**	17,022
Provision		**1,505**	–
Deferred income		**3,692**	3,692
Total current liabilities		**262,656**	248,730
Total liabilities		**347,380**	336,324
Total equity and liabilities		**3,274,112**	3,573,449

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Group was particularly affected by the following events during the six months to 30 June 2021:

On 3 June 2021, the Company granted 3,606,249 Restricted Share Units (the "RSUs") under the 2021 restricted share unit plan (the "2021 RSU Plan") and 6,096,099 share options under the post-IPO share option plan (the "Post-IPO Share Option Plan"). As a result, the share-based payment expenses increased.

Following the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. As at the reporting date, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

The interim condensed consolidated financial report is presented in Renminbi ("RMB") and rounded to nearest thousand yuan, unless otherwise stated.

2 BASIS OF PREPARATION OF INTERIM REPORT

This condensed consolidated interim financial report for the interim reporting period ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 Interim financial reporting.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report of the Group for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA, and any public announcements made by the Company during the six months ended 30 June 2021.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December, 2020, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(b) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue from contracts with customers		
Revenue on fee-for-service contracts-at a point in time	**–**	3,757

All revenues are generated in the PRC.

4 INCOME TAX CREDIT

(a) Income tax credit

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current tax		
Current tax on profits for the period	**–**	–
Total current tax credit	**–**	–
Deferred income tax		
Increase in deferred tax assets	**(3,528)**	(2,266)
Decrease in deferred tax liabilities	**(422)**	(422)
Total deferred tax credit	**(3,950)**	(2,688)
Income tax credit	**(3,950)**	(2,688)

(b) Numerical reconciliation of loss before income tax to income tax credit

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Loss before income tax	**(406,494)**	(537,275)
Calculated at PRC taxation rate of 25%	**(101,624)**	(134,319)
Effect of different tax rates of operating entities in other jurisdictions	**2,087**	60,511
Expenses not deductible for taxation purposes	**22,963**	32,155
Super deduction of research and development expenses	**(39,020)**	(26,589)
Unused tax loss not recognised as deferred tax assets	**111,644**	65,554
Income tax credit	**(3,950)**	(2,688)

5 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2021.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	*(Unaudited)*
Loss attributable to owners of the Company (in RMB'000)	**(400,893)**	(533,385)
Weighted average number of ordinary shares in issue (in thousand)	**491,387**	236,666
Basic and diluted loss per share (in RMB)	**(0.82)**	(2.25)

(b) Diluted loss per share

The Group has potential dilutive shares throughout the six months ended 30 June 2021 in relation to the shares held for employee option plan and shares to be issued to an employee and Ab Studio Inc. (the "ABS"). Due to the Group's losses during the six months ended 30 June 2021, the potential dilutive shares have anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is the same as basic loss per share.

6 DIVIDENDS

No dividend has been declared by the Company during the six months ended 30 June 2021 and 30 June 2020.

7 TRADE PAYABLES

An ageing analysis, based on invoice date, of trade payables as at the condensed consolidated balance sheet dates is as follows:

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 1 year	**91,652**	90,497
1 to 2 years	**556**	1,235
	92,208	91,732

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genorbio.com). The interim report of the Company for the six months ended 30 June 2021 will be dispatched to the Company's shareholders and made available for review on the same websites in due course.

By order of the Board
JHBP (CY) Holdings Limited
Mr. YI Qingqing
Chairman

Hong Kong, 26 August 2021

As at the date of this announcement, the Board comprises Dr. ZHOU Joe Xin Hua and Dr. GUO Feng (Chief Executive Officer) as executive directors; Mr. YI Qingqing (Chairman), Mr. CHEN Yu and Dr. NI Lin as non-executive directors; Mr. ZHOU Honghao, Mr. FUNG Edwin and Mr. CHEN Wen as independent non-executive directors.