Clover Biopharmaceuticals, Ltd.
三葉草生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2197)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND CHANGE IN USE OF PROCEEDS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the Reporting Period, together with the comparative figures for the corresponding period in 2022. The interim results have been reviewed by the Audit Committee and the Company's auditor, Ernst & Young.

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

	As of June 30, 2023 ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
Cash and bank balances	**1,522,872**	1,856,513

	Six months ended June 30,	
	2023 ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Other income and gains	**2,510,809**	11,792
Selling and distribution expenses	**(22,511)**	–
Administrative expenses	**(109,468)**	(225,343)
Research and development expenses	**(385,603)**	(855,265)
Other expenses	**(1,330,909)**	(65,092)
Profit/(Loss) for the period	**650,624**	(1,136,085)
Adjusted profit/(loss) for the period*	**674,468**	(1,072,218)

* Adjusted profit/(loss) for the period is not defined under the IFRSs. It represents the profit/(loss) for the period excluding the effect brought by share-based compensation expenses.

IFRS Measures:

Cash and bank balances, including cash and cash equivalents, time deposits, restricted cash and pledged deposits, decreased by RMB333.6 million from RMB1,856.5 million as of December 31, 2022 to RMB1,522.9 million as of June 30, 2023, primarily due to commercial capabilities expansion and investment in ongoing R&D activities.

Other income and gains increased by RMB2,499.0 million from RMB11.8 million for the six months ended June 30, 2022 to RMB2,510.8 million for the six months ended June 30, 2023, mainly because funding received from CEPI amounting to RMB2,494.1 million was recognized in other income as the conditions attached to the funding have been fulfilled by June 30, 2023.

Selling and distribution expenses were RMB22.5 million for the six months ended June 30, 2023, relating to the commencement of commercial sales operations, primarily consisting of salaries and benefits for commercial team and market development expenses.

Administrative expenses significantly decreased by RMB115.8 million, or approximately 51%, from RMB225.3 million for the six months ended June 30, 2022 to RMB109.5 million for the six months ended June 30, 2023, primarily due to the headcount reductions to streamline the organization and other administrative cost saving.

Research and development expenses decreased by RMB469.7 million, or approximately 55%, from RMB855.3 million for the six months ended June 30, 2022 to RMB385.6 million for the six months ended June 30, 2023, as SCB-2019 (CpG 1018/Alum) related R&D (clinical, CMC and regulatory) activities are substantially completed and the Group continues to streamline corporate operations and prioritize respiratory vaccine products.

Other expenses increased by RMB1,265.8 million from RMB65.1 million for the six months ended June 30, 2022 to RMB1,330.9 million, primarily due to a provision of RMB1,236.7 million of inventories mainly relating to raw materials. The provision was estimated based on multiple factors including evolving market conditions and expected future demand which are subject to future market changes. The accrued provision does not have any impacts on our business operation or cash levels.

The Group turned around of its business from loss of RMB1,136.1 million for the six months ended June 30, 2022 to profit of RMB650.6 million for the six months ended June 30, 2023, which was primarily attributable to recognized other income of funding from CEPI and approximately 50% reduction in R&D and administrative expenditures, partially offset by accrued provision of inventories.

Non-IFRS Measures:

Adjusted profit/(loss) for the period represents the profit/(loss) for the period excluding the effect brought by share-based compensation expenses.

The term adjusted profit/(loss) for the period is not defined under the IFRSs. The table below sets forth conciliation of the profit/(loss) for the period to adjusted profit/(loss) for the period:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	**650,624**	(1,136,085)
Added:		
Share-based compensation expenses	**23,844**	63,867
Adjusted profit/(loss) for the period	**674,468**	(1,072,218)

BUSINESS HIGHLIGHTS

During the Reporting Period, the Company made significant progress in expanding our product portfolio and optimizing our business operations:

Commercial Highlights and Plans

Quadrivalent Seasonal Influenza Vaccines Upcoming Commercialization

- In February 2023, the Company announced that it entered into an exclusive agreement with Adimmune to distribute AdimFlu-S (QIS) in mainland China, where it is the only imported seasonal quadrivalent influenza vaccine approved for use in individuals aged three years and older.

- Commercial launch of AdimFlu-S (QIS) in mainland China is on track to occur in the second half of 2023. Adimmune commenced production of AdimFlu-S (QIS) in the first quarter of 2023, and importation into mainland China and subsequent batch release testing are expected to occur in the third quarter of 2023.

- Initial in-house commercial capability buildup has been completed to support commercialization of AdimFlu-S (QIS), complemented by collaboration with Kyuan Trade to maximize access and commercial success of AdimFlu-S (QIS).

COVID-19 Vaccine Commercialization

- In the first half of 2023, the Company completed regulatory submissions of its COVID-19 vaccine in one country in South East Asia and one country in Latin America respectively. Bilateral deal discussions with one country have continued and are contingent upon regulatory approval being received.

- To date, the Company's COVID-19 vaccine has been listed in 28 provinces and municipalities in China (representing >95% population coverage), demonstrating the Company's commercial manufacturing and market access capabilities, which will be leveraged to maximize the commercial opportunities of its quadrivalent influenza vaccine.

R&D Pipeline Highlights and Plans

- In July 2023, the Company announced corporate strategy to build a leading respiratory vaccine franchise, with focus of developing a RSV vaccine candidate based on PreF protein leveraging the validated Trimer-Tag platform.

    - The Company expects to be among the first domestic RSV PreF vaccine companies to enter human clinical trials and plans to disclose additional preclinical data and development plans in the second half of 2023.

- The Company further anticipates at least one additional in-licensing deal in 2023 to expand its mid-to late-stage pipeline (Phase 2, Phase 3, Commercial). Discussions with potential partners are ongoing with prioritized areas including PCV and pediatric vaccines. Further announcement(s) will be made in accordance with the Listing Rules, where applicable, if any in-licensing opportunity materializes.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Clover is a global commercial-stage biotechnology company committed to unleashing the power of innovative vaccines to save lives and improve health around the world. With integrated R&D, manufacturing and commercial capabilities as well as strong partnerships with organizations globally, the Company has a diverse pipeline of candidates that have the potential to meaningfully reduce the burden of vaccine-preventable diseases and to make more diseases preventable.

The Trimer-Tag technology platform, which was validated by the successful development of COVID-19 vaccine SCB-2019 (CpG 1018/Alum), is a product development platform for the creation of protein-based vaccines based on naturally trimerization-dependent targets. The Trimer-Tag technology platform can trimerize any protein of interest into covalently-trimerized structures. The trimerization motif of Trimer-Tag is based on a human amino acid sequence derived from human collagen (C-terminal domain of Type I procollagen). Currently, Trimer-Tag is the only trimerization technology platform globally for producing recombinant, covalently-trimerized fusion proteins (trimer-tagged proteins) utilizing a human-derived trimerization tag.

During the Reporting Period, the Company achieved multiple key milestones in R&D, manufacturing, and commercialization. In the beginning of this year, the Company successfully completed manufacturing of COVID-19 vaccine and subsequently launched in mainland China, demonstrating integrated commercial capabilities as a leading vaccine company in the region. After announcing pipeline expansion strategy, the Company entered into an exclusive agreement with Adimmune to distribute quadrivalent seasonal influenza vaccine in mainland China and select countries in South East Asia and Latin America. The Company also initiated R&D on RSV vaccine candidate leveraging the validated Trimer-Tag platform and identified it as one of the key corporate priorities in 2023.

PRODUCT PIPELINE

Assets	Product Candidate	Target	Indication	Discovery	Preclinical	IND/CTA	Phase 1	Phase 2	Phase 3	Filing	Approval/ EUA
Vaccines	AdimFlu-S (QIS) [1]	Quadrivalent Influenza A and B	Seasonal Influenza								China
	SCB-2019 (CpG 1018/Alum) [2]	SARS-CoV-2 S-Trimer (Broad Neutralization)	COVID-19								China / Global (Ex-China)
	≥1 Mid-to-Late Stage [3] In-Licensed Vaccines	–	Respiratory Vaccines (Pneumococcal, etc.) Pediatric Vaccines (EV71, Combination Pediatric, etc.)								Phase 2 / Phase 3 / Approved Assets
	SCB-1019	RSV F-trimer	Respiratory Syncytial Virus (RSV)								
	SCB-2023B [4]	XBB.1.5-Adapted SARS-CoV-2 S-Trimer	COVID-19								
	SCB-1001 [5]	Rabies G-Trimer	Rabies								
Other Assets	SCB-219M [6]	TPO Mimetic Bispecific-Fc	Chemotherapy-Induced Thrombocytopenia (CIT)								
	SCB-313 [7]	TRAIL-Trimer	Intracavitary Malignancies (Malignant Ascites, Malignant Pleural Effusions, Peritoneal Carcinomatosis)								

(1) Clover entered into an exclusive agreement with Adimmune to commercialize AdimFlu-S (QIS) in mainland China in February 2023. (2) COVID-19 vaccine received EUA in China in December 2022; additional global (ex-China) EUA expected in 2023 . (3) Additional mid- to late- stage in-licensing deal is planned in 2023 with focus on respiratory vaccines and pediatric vaccines, in China and Asia Pacific region. (4) Clinical development is planned to be completed in 2023. (5) Additional preclinical results and update on development plans are expected in 2023. (6) Interim Phase 1 data anticipated in Q4-2023. (7) Oncology product candidate for the treatment of malignant ascites (MA), malignant pleural effusions (MPE), and peritoneal carcinomatosis (PC) to address global unmet medical need of intracavitary malignancies. Five Phase 1 trials completed in China and Australia. Continued internal development of SCB-313 has been paused and pending further assessment of development strategy and resource allocation.

BUSINESS REVIEW

Our Products and Candidates

The Company is focused on building a leading respiratory vaccine franchise to address unmet needs in preventing serious respiratory infectious diseases and to capture related significant cross-promotion, co-administration, and long-term lifecycle management opportunities. Prioritized respiratory vaccine products include seasonal influenza, COVID-19, RSV and PCV.

AdimFlu-S (QIS)

In February 2023, the Company announced that it entered into an exclusive agreement with Adimmune to distribute AdimFlu-S (QIS) in mainland China, as the only imported seasonal quadrivalent influenza vaccine approved for use in individuals aged three years and older. The exclusive agreement also grants the Company rights to commercialize AdimFlu-S (QIS) in Bangladesh, Brazil and Philippines, contingent on regulatory approvals, and to potentially collaborate with Adimmune on the development of additional vaccine candidates including next generation influenza vaccines.

- AdimFlu-S (QIS) is a quadrivalent split inactivated vaccine intended for use in the prevention of influenza. As a quadrivalent vaccine, it contains hemagglutinin from four influenza virus strains (two A strains and two B strains), which increases its chances of achieving high vaccine effectiveness regardless of which influenza B strain becomes seasonally prevalent relative to trivalent options. AdimFlu-S (QIS) was granted marketing authorization approval by the China NMPA in January 2022 for individuals aged three years and older.

- Commercial launch of AdimFlu-S (QIS) in mainland China is on track to occur in the second half of 2023. Adimmune commenced production of AdimFlu-S (QIS) in the first quarter of 2023, and importation into mainland China and subsequent batch release testing are expected to occur in the third quarter of 2023.

RSV Vaccine Candidate

SCB-1019 is the Company's RSV vaccine candidate based on PreF protein leveraging the validated Trimer-Tag platform.

- The Company expects to be among the first domestic RSV PreF vaccine companies to enter human clinical trials and plans to disclose additional preclinical data and development plans in the second half of 2023.

- Leveraging Trimer-Tag platform, the Company believes it can uniquely address the high technical hurdles for RSV vaccine development, enabling it to be a leading RSV vaccine developer in China with differentiation to compete in global markets.

    - o Stabilized PreF Antigen: Stabilization of RSV PreF is critical to conferring protective efficacy by preserving the most potent neutralizing antibody epitopes. To date, the Company has confirmed that SCB-1019 preserves all of the most prominent neutralizing antibody epitopes (sites Ø, V, IV, III, II, I) and importantly does not bind to postfusion-specific monoclonal antibody, which may enable SCB-1019 to potentially achieve a top-tier protective efficacy profile.

    - o Immunological Breadth: SCB-1019 is designed to induce neutralization across both RSV A and RSV B which is important to conferring broad and durable protection against RSV across different regions and seasons.

    - o Safety and Tolerability: The safety and tolerability profile of vaccines is important to maximizing uptake and differentiating against competition. Based on preclinical studies to date, SCB-1019 is planned to be developed without the use of an oil-in-water emulsion adjuvant and is thus expected to potentially have a best-in-field safety and tolerability profile, which may also enable it to be developed for the infant population.

    - o Commercial Manufacturing Readiness: SCB-1019 is produced utilizing the same Trimer-Tag platform used in Clover's COVID-19 vaccine, and commercial production is planned at Clover's Changxing facility which has passed multiple GMP inspections and has also received a vaccine DML from China NMPA.

COVID-19 Vaccine

- In the first half of 2023, the Company completed regulatory submissions of its COVID-19 vaccine in one country in South East Asia and one country in Latin America respectively. Review from the regulatory authorities is ongoing, and to date, the Company has not received any request for additional information or notification of deficiencies. Bilateral deal discussions with one country are continuing and are contingent upon regulatory approval being received.

- To date, the Company's COVID-19 vaccine has been listed in 28 provinces and municipalities in China (representing >95% population coverage), demonstrating the Company's commercial manufacturing and market access capabilities, which will be leveraged to maximize the commercial opportunities of its quadrivalent influenza vaccine.

- Due to the evolving landscape and low overall demand for COVID-19 vaccines from national procurement in China and globally observed in 2023 to date, the Company does not expect meaningful financial contribution from COVID-19 vaccine sales in 2023.

XBB-Adapted COVID-19 Vaccine Candidate

To prepare for potential future private market opportunities, the Company is developing an updated version of its COVID-19 vaccine including the XBB.1.5 variant. Development is planned to be completed in the second half of 2023.

SCB-219M

SCB-219M is a fusion protein (TPO-mimetic bispecific-Fc) targeted to treat chemo-induced thrombocytopenia (CIT). Compared to native TPO-based therapy which is commercially available in China, SCB-219M could potentially overcome reduced efficacy due to anti-drug antibodies (ADA) and achieve a more convenient dosing regimen attributed to its longer half-life. Interim Phase 1 clinical trial data is anticipated in the fourth quarter of 2023.

Other Products and Candidates

In addition to the Adimmune quadrivalent seasonal influenza deal, the Company further anticipates at least one additional in-licensing deal in 2023 to expand its mid- to late-stage pipeline (Phase 2, Phase 3, Commercial). Prioritized areas include PCV and pediatric vaccines (such as enterovirus A71 (EV71) and pediatric combination vaccines).

R&D

Transitioning to a commercial-stage biotechnology company, the Company continues to value scientific innovation and expand its product and candidate portfolio to achieve long-term and sustainable development.

The Company has been equipped and empowered by a comprehensive R&D team enabling product candidate discovery, proof-of-concept, preclinical and clinical development. As of June 30, 2023, the Company's in-house R&D activities were supported by 200 employees.

Manufacturing

During the Reporting Period, the Company established commercial manufacturing capability to produce and supply its COVID-19 vaccine at its in-house manufacturing facility in Changxing, Zhejiang province. The facility has passed multiple GMP inspections and received a vaccine DML from the China NMPA, representing potential advantages compared to other domestic manufacturers utilizing new manufacturing sites. This in-house manufacturing site has proven commercial scale production track record and will be valuable to the development of the Company's other product candidates.

Other Key Corporate Development

- In May 2023, the Company was included in the Hang Seng Innovative Drug Index, which aims to reflect the performance of companies in the research, development and manufacture of innovative drugs. The inclusion represents R&D strength the Company has established over the years and recognition by the financial community.

- During the Reporting Period, the Company has completed buildup of its initial commercial team in China to support commercialization of AdimFlu-S (QIS) in 2023 as planned. We have collaborated with Kyuan Trade and various regional CSOs to leverage their extensive sales and distribution network to complement in-house capabilities and maximize access to AdimFlu-S (QIS).

- To navigate the challenges of the macroeconomic environment at the moment, the Company took significant measures to (1) heighten focus on its core strengths and capabilities in vaccine development and (2) prudently evaluate its expenses and streamline the organization to increase efficiency and improve effectiveness. The Company will continue to focus resources on achieving its top priorities while continuing to build an innovative portfolio that can potentially generate significant value-creation opportunities.

Future Outlook

Since the beginning of 2023, the Company has achieved significant progress on building a leading respiratory vaccine franchise with the addition of a commercial-stage quadrivalent flu vaccine, initiating our commercialization team, and advancement of our RSV vaccine at pre-clinical stage, which is under development utilizing the validated Trimer-Tag platform. In the following months, the Company will focus on delivering our AdimFlu-S (QIS) sales target while prioritize and focus R&D resources to accelerate the development of RSV vaccine candidate, which embeds a growing market and attractive opportunity. Additionally, the Company plans to license in a mid- to late-stage vaccine product in the second half of 2023 to diversify our respiratory products availabilities and strengthen our commercialization potential. Prioritized areas include PCV and pediatric vaccines (such as enterovirus A71 (EV71) and pediatric combination vaccines).

In terms of corporate governance and operations, the Company is also taking significant measures towards corporate financial sustainability by generating revenue from vaccine sales, improving operating efficiency and maintaining a resilient cash position to support future success. We will continue to optimize our corporate resources to focus on efficient execution to accomplish our strategic goals.

FINANCIAL REVIEW

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
REVENUE	**257**	–
Cost of sales	**(202)**	–
Gross profit	**55**	–
Other income and gains	**2,510,809**	11,792
Selling and distribution expenses	**(22,511)**	–
Administrative expenses	**(109,468)**	(225,343)
Research and development expenses	**(385,603)**	(855,265)
Other expenses	**(1,330,909)**	(65,092)
Finance costs	**(11,749)**	(2,177)
PROFIT/(LOSS) BEFORE TAX	**650,624**	(1,136,085)
Income tax expense	**–**	–
PROFIT/(LOSS) FOR THE PERIOD	**650,624**	(1,136,085)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**194,901**	228,388
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**194,901**	228,388
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(173,688)**	(195,436)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(173,688)**	(195,436)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**21,213**	32,952
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**671,837**	(1,103,133)
Non-IFRS Measures		
Adjusted profit/(loss) for the period	**674,468**	(1,072,218)

Revenue

The Group's revenue derives from the commercial launch of SCB-2019 (CpG 1018/Alum) in China since February 2023 and amounted to RMB0.3 million for the six months ended June 30, 2023. This COVID-19 vaccine has been listed in 28 provinces and municipalities in China (representing >95% population coverage), demonstrating the Company's commercial manufacturing and market access capabilities, which will be leveraged to maximize the commercial opportunities of its quadrivalent influenza vaccine.

Other Income and Gains

The Group's other income and gains primarily consist of funding from CEPI, government grants and bank interest income.

For the six months ended June 30, 2023, other income and gains increased by RMB2,499.0 million from RMB11.8 million for the six months ended June 30, 2022 to RMB2,510.8 million, primarily due to recognised funding from CEPI of RMB2,494.1 million. The Group and CEPI entered into the funding agreement in 2020 for vaccine development, scale-up of manufacturing, supply of vaccine in response to the project "Outbreak Response To Novel Coronavirus (COVID-19)". The funding received from CEPI was recorded as deferred revenue by the end of 2022. Given that the conditions attached to the funding agreement with CEPI in relation to certain amount have been fulfilled by the Company during the six months ended June 30, 2023, the deferred revenue was recognised in other income in accordance with IAS 20.

Selling and Distribution Expenses

For the six months ended June 30, 2023, selling and distribution expenses of the Group were RMB22.5 million, relating to the commencement of commercial sales operations, primarily consisting of salaries and benefits for commercial team and market development expenses.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee salaries and benefits, including accrued share-based compensation; (ii) consulting fees; (iii) depreciation and amortization expenses; (iv) office expenses and (v) professional service fees, which mainly include third-party recruitment agency costs. Other administrative expenses include IT software license expenses and other miscellaneous expenses in connection with administration activities.

For the six months ended June 30, 2023, administrative expenses of the Group significantly decreased by RMB115.8 million, or approximately 51%, from RMB225.3 million for the six months ended June 30, 2022 to RMB109.5 million. This was primarily attributable to a decrease of RMB87.9 million in employee salaries and benefits, due to the headcount reductions in general and administrative functions since the second half of 2022 to streamline the organization. In addition, consulting fees and third-party recruitment agency costs decreased, as a result of increased operating efficiency and cost reduction.

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Employee salaries and benefits	**67,634**	155,492
– Share-based compensation expenses	**11,531**	34,374
Consulting fees	**13,244**	24,087
Depreciation and amortization	**14,638**	12,905
Office expenses	**4,620**	8,428
Professional service fees	**2,217**	17,318
Others	**7,115**	7,113
Total	**109,468**	225,343

Research and Development Expenses

The Group's R&D expenses primarily consist of: (i) employee salaries and benefits, including accrued share-based compensation; (ii) clinical trial expenses, mainly consisting of payments to CROs, hospitals and other medical institutions and related fees; (iii) costs of raw materials and consumables used for R&D activities; (iv) R&D consulting and service fees, mainly related to preclinical study costs and service fees incurred by CDMOs to prepare for commercial launch; and (v) depreciation and amortization in relation to our leasehold buildings, machinery and equipment.

For the six months ended June 30, 2023, R&D expenses decreased by RMB469.7 million, or 55%, from RMB855.3 million for the six months ended June 30, 2022 to RMB385.6 million. The decrease was primarily attributable to (i) a significant decrease in CDMO service fees related to technology transfer and process validation, raw materials and consumables used, and clinical trial expenses, as SCB-2019 (CpG 1018/Alum) related R&D (clinical, CMC and regulatory) activities are substantially completed; and (ii) the decrease in employee salaries and benefits, as the Group continues to streamline corporate operations and prioritize respiratory vaccine products.

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
Employee salaries and benefits	**152,842**	229,008
– Share-based compensation expenses	**7,941**	28,138
Clinical trial expenses	**99,240**	200,525
R&D consultation and service fees	**44,633**	241,032
Costs of raw materials and consumables	**43,391**	142,548
Depreciation and amortization	**13,823**	13,603
Others	**31,674**	28,549
Total	**385,603**	855,265

Other Expenses

The Group's other expenses primarily consist of write-down of inventories to net realizable value, net foreign exchange loss and severance costs.

For the six months ended June 30, 2023, other expenses of the Group increased by RMB1,265.8 million from RMB65.1 million for the six months ended June 30, 2022 to RMB1,330.9 million, primarily due to a provision of RMB1,236.7 million of inventories mainly relating to raw materials. Due to the evolving landscape of market environment in 2023 to date, the Company updated the forecasted future sales of its COVID-19 vaccine products based on decelerated growth rate of COVID-19 vaccination and decreasing demands for COVID-19 vaccines, so as to estimate the future usage of COVID-19 vaccine related inventories and made provision accordingly. The determination of the provision of inventories involves critical management estimates and is subject to market changes. In addition, net foreign exchange loss increased due to foreign exchange rate activity.

Finance Costs

The Group's finance costs primarily consist of (i) interest on bank loans and (ii) interest on lease liabilities, mainly in relation to its offices in Shanghai, Chengdu and Beijing.

For the six months ended June 30, 2023, finance costs of the Group increased by RMB9.5 million from RMB2.2 million for the six months ended June 30, 2022 to RMB11.7 million, primarily due to the increase in interest expenses on bank loans.

Profit/(Loss) for the Period

As a result of the above, the Group experienced the turnaround from loss of RMB1,136.1 million for the six months ended June 30, 2022 to profit of RMB650.6 million for the six months ended June 30, 2023.

Non-IFRS Measure

To supplement the Group's interim condensed consolidated financial statements, which are presented in accordance with the IFRSs, the Group also provides adjusted profit/(loss) for the period as supplemental information. Such measures are not required by the IFRSs, but the Group deems it useful information to its Shareholders and potential investors for the evaluation of the Group's interim condensed consolidated financial results.

Adjusted profit/(loss) for the period represents the profit/(loss) for the period excluding the effect brought by share-based compensation expenses. This non-IFRS measure should not be considered in isolation from, or as a substitute for the analysis of, the Group's IFRS reporting. The Company's presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this non-IFRS measure is a better indication of the Group's normal operating results and a better basis for the comparison of operating performance from period to period.

The table below sets forth a reconciliation of the profit/(loss) for the period to the adjusted profit/(loss) for the period during the periods indicated:

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	**650,624**	(1,136,085)
Added:		
Share-based compensation expenses	**23,844**	63,867
Adjusted profit/(loss) for the period	**674,468**	(1,072,218)

Selected Data from Interim Condensed Consolidated Statement of Financial Position

	As of June 30, 2023 ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
Total current assets	**2,805,560**	4,389,929
Total non-current assets	**273,485**	304,777
Total Assets	**3,079,045**	4,694,706
Total current liabilities	**2,367,313**	2,829,205
Total non-current liabilities	**683,179**	2,533,638
Total liabilities	**3,050,492**	5,362,843
Net current assets	**438,247**	1,560,724

Liquidity and Source of Funding and Borrowings

As of June 30, 2023, the Group's cash and bank balances, including cash and cash equivalents, time deposits, restricted cash and pledged deposits, decreased by RMB333.6 million from RMB1,856.5 million as of December 31, 2022 to RMB1,522.9 million. The decrease primarily resulted from commercial manufacturing and market access capabilities expansion and further investment in ongoing R&D activities. Cash position is expected to support the Group at least through 2024 and can potentially be sustainable if influenza commercialization and operating efficiency targets are achieved.

As of June 30, 2023, the current assets of the Group totaled RMB2,805.6 million, including cash and cash equivalents, time deposits, restricted cash and pledged deposits of RMB1,522.9 million, trade receivables of RMB0.6 million, prepayments, other receivables and other assets of RMB98.6 million, inventories of RMB1,169.1 million and financial assets at fair value through profit or loss of RMB14.4 million.

As of June 30, 2023, the current liabilities of the Group were RMB2,367.3 million, including contract liabilities of RMB1,605.3 million, trade payables of RMB226.3 million, other payables and accruals of RMB101.9 million, lease liabilities of RMB23.8 million, interest-bearing bank borrowings of RMB410.0 million.

As of June 30, 2023, the Group had short-term bank loans of RMB410.0 million, bearing fixed interest rates ranging from 3.95% to 6.81983% per annum. The new borrowings during the Reporting Period were raised to fully enhance the efficiency of capital.

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks. The Group endeavors to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's funding and treasury policy from time to time to ensure its adequacy and effectiveness.

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2023, the Group did not hold any significant investments. The Group also did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures for the six months ended June 30, 2023.

Future Plans for Material Investments or Capital Assets

The Group had no other material capital expenditure plan as of the date of this announcement.

Contingent Liabilities

As of June 30, 2023, the Group did not have any contingent liabilities that we expected, would materially adversely affect our business, financial position or results of operations.

Gearing Ratio

The gearing ratio is calculated using interest-bearing bank borrowings less cash and bank balances, divided by total equity and multiplied by 100%. As of June 30, 2023, the Group was in a net cash position and thus, gearing ratio is not applicable.

Capital Commitments

The capital commitments of the Group as of June 30, 2023 were RMB16.2 million, reflecting a decrease of RMB5.9 million from RMB22.1 million as of December 31, 2022, primarily attributable to the decrease in our future payments in relation to the construction of manufacture facilities and intangible assets.

Pledge of Assets

As of June 30, 2023, the Group had a total of RMB238.8 million of time deposits pledged to secure its bank borrowings.

Foreign Exchange Exposure

The Company's functional currency is USD and the functional currency of the Company's subsidiaries in China is RMB. During the Reporting Period, the Group mainly operated in China with most of its transactions settled in RMB and USD. Our financial assets and liabilities are subject to foreign currency risk as a result of certain cash and bank balances, other receivables, trade and other payables and interest-bearing bank borrowings denominated in non-functional currencies. Therefore, the fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. The Group currently does not have a foreign currency hedging policy. However, its management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when needed.

Employees and Remuneration

As of June 30, 2023, the Group had 681 employees. The total remuneration cost incurred by the Group for the six months ended June 30, 2023 was RMB239.6 million. The following table sets forth the details of our employees by function as of June 30, 2023:

Function	**Number of employee**	**% of total**
Research and Development	200	29.4%
Manufacturing and CMC	281	41.3%
General and Administrative	121	17.7%
Selling and Marketing	79	11.6%
Total	681	100%

The remuneration package of the Group's employees includes salary, bonus and equity incentives, which is generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds in accordance with relevant laws and regulations.

The Company has also adopted a restricted share unit scheme and a pre-IPO share option plan on April 15, 2021 and a post-IPO share option plan on September 26, 2021 to provide incentives for the eligible participants. For details, please refer to the paragraph headed "D. Share Incentive Plans" in Appendix IV to the Prospectus.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**257**	–
Cost of sales	*7*	**(202)**	–
Gross profit		**55**	–
Other income and gains	*5*	**2,510,809**	11,792
Selling and distribution expenses		**(22,511)**	–
Administrative expenses		**(109,468)**	(225,343)
Research and development expenses		**(385,603)**	(855,265)
Other expenses	*6*	**(1,330,909)**	(65,092)
Finance costs		**(11,749)**	(2,177)
PROFIT/(LOSS) BEFORE TAX	*7*	**650,624**	(1,136,085)
Income tax expense	*8*	**–**	–
PROFIT/(LOSS) FOR THE PERIOD		**650,624**	(1,136,085)
Attributable to:			
Owners of the parent		**650,624**	(1,136,085)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)	*10*		
Basic		**0.52**	(1.05)
Diluted		**0.52**	(1.05)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	**650,624**	(1,136,085)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**194,901**	228,388
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**194,901**	228,388
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(173,688)**	(195,436)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(173,688)**	(195,436)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**21,213**	32,952
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**671,837**	(1,103,133)
Attributable to:		
Owners of the parent	**671,837**	(1,103,133)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023** ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**174,952**	185,790
Right-of-use assets		**44,084**	55,954
Intangible assets		**36,192**	34,998
Other non-current assets		**18,257**	28,035
Total non-current assets		**273,485**	304,777
CURRENT ASSETS			
Inventories		**1,169,058**	2,384,340
Trade receivables	*11*	**581**	–
Prepayments, other receivables and other assets		**98,597**	135,147
Financial assets at fair value through profit or loss		**14,452**	13,929
Time deposits and restricted cash		**19,653**	19,243
Pledged deposits		**238,764**	229,861
Cash and cash equivalents		**1,264,455**	1,607,409
Total current assets		**2,805,560**	4,389,929
CURRENT LIABILITIES			
Trade payables	*12*	**226,378**	856,964
Other payables and accruals		**101,859**	99,314
Interest-bearing bank borrowings		**409,952**	294,060
Contract liabilities		**1,605,285**	1,555,297
Lease liabilities		**23,839**	23,570
Total current liabilities		**2,367,313**	2,829,205
NET CURRENT ASSETS		**438,247**	1,560,724
TOTAL ASSETS LESS CURRENT LIABILITIES		**711,732**	1,865,501
NON-CURRENT LIABILITIES			
Lease liabilities		**22,152**	36,738
Deferred income	*13*	**145,776**	2,496,900
Non-current portion of trade payables	*12*	**515,251**	–
Total non-current liabilities		**683,179**	2,533,638
NET ASSETS		**28,553**	(668,137)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**836**	835
Treasury shares		**(32)**	(36)
Reserves		**27,749**	(668,936)
Total equity/(deficit)		**28,553**	(668,137)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 31 October 2018. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Group was principally engaged in the research and development, manufacturing and commercialization of innovative vaccines.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from 5 November 2021.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, which assumes that the Group will be able to meet its obligations and continue its operations for the coming twelve months notwithstanding that as at 30 June 2023, the Group had accumulated losses of RMB8,851,105,000. In the opinion of the directors of the Company, the Group will have the necessary liquid fund to finance its working capital and capital expenditure requirements for the next twelve months after 30 June 2023. This is due to the following considerations:

(a) The Group had cash and cash equivalents of RMB1,264,455,000 and net current assets of RMB438,247,000 as at 30 June 2023; and
(b) The Group has performed a cash flow forecast for the next twelve months and will have sufficient liquid funds to finance its operations and can operate as a going concern in the foreseeable future.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

The adoption of amendments to IAS 12 did not have any impact on the interim condensed consolidated financial statements.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**257**	–

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods		
Vaccine	**257**	–
Timing of revenue recognition		
Goods transferred at a point in time	**257**	–

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Funding from Coalition for Epidemic Preparedness Innovations ("**CEPI**")*	**2,494,123**	–
Bank interest income	**9,818**	4,651
Government grants**	**2,057**	6,911
Fair value gains, net:		
Financial assets at fair value through profit or loss	**–**	229
Others	**4,811**	1
	2,510,809	11,792

* Funding received from CEPI amounting to RMB2,494,123,000 was recognised in other income because the conditions attached to the funding have been fulfilled during the six months ended 30 June 2023 as further explained in note 13.

** Government grants have been received from the local government authorities to support the subsidiaries' research and development activities and the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions related to these government grants.

6. OTHER EXPENSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Write-down of inventories to net realisable value/(reversal of inventory provision)*	**1,236,704**	(7,442)
Foreign exchange differences, net	**67,614**	29,710
Severance costs	**16,746**	–
Impairment of prepayments, other receivables and other assets	**201**	34,349
Loss on disposal of property, plant and equipment	**–**	7,305
Loss on disposal of intangible assets	**3,590**	–
Others	**6,054**	1,170
	1,330,909	65,092

* During the six months ended 30 June 2023, the Group has made provision of RMB1,236,704,000 for raw materials, work in progress and finished goods that were not expected to be used or sold within the useful life due to the changes in the market conditions following the announcement of the ending of the COVID-19 pandemic period in May 2023, which have affected the expected future usage and respective sales plans.

7. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**202**	–
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**218,938**	612,654
Depreciation of property, plant and equipment	**14,955**	10,877
Depreciation of right-of-use assets	**10,922**	14,007
Amortisation of intangible assets	**2,584**	1,624
Lease payments not included in the measurement of lease liabilities	**1,080**	1,305
Auditor's remuneration	**1,580**	400
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**205,578**	303,492
Pension scheme contributions	**10,946**	18,496
Share-based compensation expenses	**23,098**	62,512
Total of employee benefit expenses	**239,622**	384,500

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong. The first HKD2,000,000 (2022: HKD2,000,000) of assessable profits of this subsidiary are subject to 8.25% (2022: 8.25%) and the remaining assessable profits are subject to 16.5% (2022: 16.5%).

Mainland China

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "**PRC**") and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% (2022: 25%) on the taxable income.

Australia

The subsidiary incorporated in the Australia is subject to Australia statutory corporate income tax at a rate of 30% (2022: 30%). However, the rate is reduced to 25% (2022: 25%) following a preliminary assessment of the base rate entity rules in accordance with the Australian tax law during the period.

United States of America

The subsidiary incorporated in Delaware, United States was subject to statutory United States federal corporate income tax at a rate of 21% (2022: 21%).

United Kingdom

The subsidiary incorporated in the United Kingdom is subject to corporation income tax on its worldwide profits at 19% (2022: 19%).

Ireland

The subsidiary incorporated in Ireland is subject to Ireland corporate income tax at a rate of 25% (2022: 25%) on the estimated assessable profits arising in Ireland during the period.

No current income tax and deferred income tax were charged for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. DIVIDENDS

No dividends have been declared or paid by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent of RMB650,624,000 (six months ended 30 June 2022: RMB(1,136,085,000)), and the weighted average number of ordinary shares. The weighted average number of shares for the six months ended 30 June 2023 is determined based on 1,240,429,953 shares in issue during the period (six months ended 30 June 2022: 1,086,304,000).

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred losses during the six months ended 30 June 2022, no adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2022 as share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amount presented. Accordingly, the diluted loss per share amount for the six months ended 30 June 2022 was the same as the basic loss per share amount.

The calculation of basic and diluted earnings/loss per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings/(Loss)		
Profit/(Loss) attributable to owners of the parent, used in the basic loss per share calculation	**650,624**	(1,136,085)

	Number of shares For the six months ended 30 June	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/loss per share calculation	**1,240,429,953**	1,086,304,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	**5,687,391**	–
	1,246,117,344	1,086,304,000

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**581**	–

12. TRADE PAYABLES

Current portion of trade payables

An ageing analysis of the current portion of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**176,658**	385,856
6 to 12 months	**48,051**	108,730
Over 1 year	**1,669**	362,378
	226,378	856,964
Non-current portion of trade payables	**515,251**	–

The trade payables are non-interest-bearing and are normally settled on 60-day terms, except for certain suppliers with specified payment terms.

Non-current portion of trade payables of USD71,307,000 (equivalent to RMB515,251,000) represented the trade payables due to Dynavax Technologies Corporation ("**Dynavax**") for procurement of CpG 1018 adjuvant, which was included in trade payables as of 31 December 2022. During the six months ended 30 June 2023, the Company has reassessed the payment terms under the purchase agreement with Dynavax and confirmed with Dynavax on the amounts payable and the respective timing of payment. The amount of USD71,307,000 (equivalent to RMB515,251,000 as of 30 June 2023) was classified as non-current portion of trade payables to reflect the timing of settlement of the payables to Dynavax, which would be over 12 months from the balance sheet date.

13. DEFERRED INCOME

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Deferred revenue *(a)*	**117,826**	2,468,950
Deferred government grants *(b)*	**27,950**	27,950
	145,776	2,496,900

(a) Deferred revenue represented the amount of funding received from CEPI by the end of the reporting period. Clover Sichuan and Clover Biopharmaceuticals AUS Pty Ltd. ("**Clover AUS**") signed the Outbreak Response Funding Agreement (the "**Agreement**") with CEPI in 2020, pursuant to which CEPI is to provide funding to Clover Sichuan and Clover AUS to support the Group's research and development of COVID-19 vaccine under the project of "Outbreak Response To Novel Coronavirus (COVID-19)" (the "**Project**").

According to the Agreement, ownership of all data, assays, protocols, and materials made under the Project ("**Project Results**"), including vaccines ("**Products**"), as well as all intellectual property rights, including those for inventions, know-how, patents, trademarks arising in relation to the Project Results or otherwise under the Project ("**Project IP**") shall vest in the Company from creation. CEPI is committed to achieving equitable access to the results of all CEPI-supported programmes pursuant to the "Equitable Access Policy", which means that any form or dosage of pharmaceutical composition or preparation made or developed under the Project ("**Project Vaccine**") is first available to populations when and where it is needed to end an outbreak or contain an epidemic, regardless of whose ability to pay. A global allocation and purchasing mechanism (the "**Global Allocation Mechanism**") is to be constituted subsequent to the Agreement to purchase, allocate, and direct the distribution of COVID-19 vaccines including Project Vaccine.

According to the Agreement, the Group agrees to (i) supply all doses of the Project Vaccine up to the capacity as may be required by the Global Allocation Mechanism during the Pandemic Period (the period of time between the date that World Health Organization ("**WHO**") declared COVID-19 to be a Public Health Emergency of International Concern ("**PHEIC**", that is, 30 January 2020) and the date that WHO declares the PHEIC to have ended); and, (ii) during the period of five years after the Pandemic Period ends, supply the Project Vaccine as may be required by the Global Allocation Mechanism for use in LMICs (Low and Middle Income Countries as defined by the Organisation for Economic Co-operation and Development), not to exceed 50% of the Project Vaccine unless mutually agreed to.

The funding received from CEPI is for the Group's commitment to supply the Project Vaccine as agreed in the Agreement after the commercialisation of the Project Vaccine in the future, therefore, it should be recognised in income in line with the Group's fulfilment of its obligation to supply the Project Vaccine as required by the Global Allocation Mechanism. As such, the amount received by the end of 2022 was recorded as deferred revenue.

In March 2023, CEPI's Stage Gate Review Committee approved that the Stage Gate Criteria for the final Stage Gate as defined in the Agreement had been met, therefore, the Project was substantially completed and subject to continuing closure of the final stage which comprises only the final work packages and certain administrative close-out activities. The funding received from CEPI of USD383,679,000 (equivalent to RMB2,494,123,000) was confirmed to be non-refundable.

The Company's Project Vaccine had realised commercialisation in February 2023. In May 2023, WHO announced that COVID-19 Pandemic Period ends. The demand for the Project Vaccine reduced to minimal levels as the emergency phase of the pandemic finished. The Company's obligation under the Agreement to supply Project Vaccine for a period of five years after the Pandemic Period ends was fulfilled by the amended APA entered into and signed by the Company and GAVI in September 2022 as an option arrangement for GAVI to procure 64 million doses of Project Vaccine. As of 30 June 2023, the Company has reserved sufficient Project Vaccine, work in process and production capacities to meet the requirement of GAVI, should GAVI exercise its options to purchase the Project Vaccine under the amended APA.

Based on the foregoing, the Company assessed that all conditions attached to the CEPI funding of RMB2,494,123,000 (USD383,679,000) have been fulfilled during the first half of 2023, therefore, deferred revenue of RMB2,494,123,000 was recognised in other income during the first half of 2023.

As at 30 June 2023, deferred revenue balance of RMB117,826,000 represented the amount of cash funding of RMB53,221,000 received from CEPI on certain work packages pending for CEPI's approval, and certain vials amounting to RMB64,605,000, donated by CEPI in prior years for use under the Project. The aforesaid amounts will be recognised as other income when they have been approved by CEPI or used under the Project.

(b) The movements in government grants during the period/year are as follows:

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
At beginning of period/year	**27,950**	32,117
Grants received during the period/year	**–**	1,900
Amount recognised in profit or loss	**–**	(6,067)
At end of period/year	**27,950**	27,950

OTHER INFORMATION

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

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

Interim Dividends

The Board does not recommend the payment of interim dividends for the Reporting Period.

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 has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices. The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code during the Reporting Period.

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.

Compliance with the Model Code

The Company has adopted the Model Code. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

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.

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. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

Review of Interim Results by the Audit Committee

The Group has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. Thomas Leggett, Mr. Jeffrey Farrow and Mr. Xiang Liao. Mr. Thomas Leggett is the chairman of the Audit Committee. Mr. Jeffrey Farrow is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2023 have been reviewed by the Audit Committee and the independent auditors of the Company, Ernst & Young, who have performed an independent review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company during the Reporting Period.

Use of Net Proceeds from the Global Offering

The Company's Shares were listed on the Stock Exchange on November 5, 2021. The net proceeds from the Global Offering amounted to approximately HK$1,884.3 million (equivalent to RMB1,549.0 million). As of June 30, 2023, approximately 73.2% of the net proceeds from the Global Offering had been utilized.

Original use of proceeds as disclosed in the Prospectus	**Original percentage of net proceeds as disclosed in the Prospectus**	**Original allocation of net proceeds as disclosed in the Prospectus** *HKD million*	**Original allocation of net proceeds as disclosed in the Prospectus** *RMB million*	**Unutilized net proceeds as of December 31, 2022** *RMB million*	**Actual usage during the six months ended June 30, 2023** *RMB million*	**Unutilized net proceeds as of June 30, 2023** *RMB million*	**Unutilized net proceeds as of August 22, 2023** *RMB million*
1. For the research and development, manufacturing and commercialization of our Core Products and related products	65.0%	1,224.8	1,006.9	305.3	12.3	293.0	292.5
1.1 For regulatory submission, commercial preparation and launch, and post-marketing studies of SCB-2019 (CpG 1018/Alum)	*35.0%*	*659.5*	*542.2*	–	–	–	–
1.2 For the R&D and regulatory submission for second-generation COVID-19 vaccine candidates	*25.0%*	*471.1*	*387.3*	*245.4*	*12.3*	*233.1*	*232.6*
1.3 For the R&D and commercial preparation and launch of SCB-808	*5.0%*	*94.2*	*77.4*	*59.9*	–	*59.9*	*59.9*
2. For the research and development, manufacturing and commercialization of other products in our pipeline	22.5%	424.0	348.5	122.7	–	122.7	122.7
2.1 For the R&D of SCB-313	*12.5%*	*235.6*	*193.6*	*122.7*	–	*122.7*	*122.7*
2.2 For the R&D of other product candidates	*10.0%*	*188.4*	*154.9*	–	–	–	–
3. For working capital and other general corporate purposes	12.5%	235.5	193.6	–	–	–	–
Total	**100.0%**	**1,884.3**	**1,549.0**	**428.0**	**12.3**	**415.7**	**415.2**

Change in Use of Net Proceeds from the Global Offering

On August 22, 2023, the Board has resolved to change the intended use of the unutilized net proceed from the Global Offering of approximately RMB415.2 million in total as of August 22, 2023 based on the reasons disclosed in the section "Reasons for the Change in Use of Net Proceeds from the Global Offering" below. The change in use and the revised allocation of the unutilized net proceeds from the Global Offering are set out in the table below.

Changed use of proceeds	**Revised allocation of unutilized net proceeds approved on August 22, 2023** *RMB million*	**Revised percentage of unutilized net proceeds**	**Expected timeline of full utilization of the unutilized net proceeds[(1)]**
For the preclinical development and clinical trials of RSV vaccine candidate, SCB-1019	228.4	55.0%	By December 2024
For the R&D of other product candidates, including ≥ 1 mid-to late-stage in-licensed vaccines	93.4	22.5%	By June 2024
For the R&D and regulatory submission for updated version of COVID-19 vaccine including the XBB.1.5 variant	51.9	12.5%	By December 2023
For working capital and other general corporate purposes	41.5	10.0%	By December 2023
Total	**415.2**	**100.0%**	

Notes:

1. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of R&D and market conditions and is subject to changes.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of the date of this announcement, the unused net proceeds were deposited with certain licensed banks in Hong Kong and the PRC.

Reasons for the Change in Use of Net Proceeds from the Global Offering

In navigating the current macroeconomic environment, the Company continues to prudently evaluate its pipeline programs and focus on programs that will bring long-term value. After internal scientific, financial and strategic assessments, the Company proposed to remain approximately RMB51.9 million out of unutilized net proceeds originally allocated to the R&D and regulatory submission for second-generation COVID-19 vaccine candidates for the updated version of COVID-19 vaccine including the XBB.1.5 variant, considering potential future private market opportunities, and suspended certain programs including SCB-808 and SCB-303, to allocate more resources mainly to the R&D of non-COVID-19 respiratory vaccine product pipelines. The change in use of net proceeds from the Global Offering is primarily expected to (i) accelerate the development of RSV vaccine candidate, which embeds a growing market and attractive opportunity, (ii) license in at least one mid- to late-stage vaccine product to diversify our respiratory products availabilities and strengthen our commercialization potential and (iii) enhance efficiency of funds utilization.

The Board confirms that there is no material change in the business nature of the Group and considers that the change in use of net proceeds from the Global Offering will not have any material adverse impact on the existing business and operations of the Group and is in the best interests of the Company and its Shareholders as a whole.

Use of Net Proceeds from the Placing

References are made to the Company's announcements dated December 6, 2022 and December 13, 2022 in relation to the Placing. On December 6, 2022, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as agent of the Company to procure subscribers, on a best effort basis, to subscribe for a total of 128,000,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement. The Placing was completed on December 13, 2022. The net proceeds from the Placing (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are approximately HKD500.5 million. As of June 30, 2023, approximately 78.5% of the net proceeds from the Placing had been utilized.

Change in Use of Proceeds from the Placing

On August 22, 2023, the Board has resolved to change the intended use of the unutilized net proceed from the Placing of approximately RMB69.4 million in total as of August 22, 2023 based on the reasons disclosed in the section "Reasons for the Change in Use of Net Proceeds from the Placing" below. The table below sets out the utilization of net proceeds from the Placing as of June 30, 2023 and August 22, 2023 and the change in the use of the unutilized net proceeds from the Placing.

Use of proceeds	Original percentage of net proceeds	Original allocation of net proceeds *HKD million*	Original allocation of net proceeds *RMB million*	Unutilised net proceeds as of December 31, 2022 *RMB million*	Actual usage during the six months ended June 30, 2023 *RMB million*	Unutilized net proceeds as of June 30, 2023 *RMB million*	Unutilized net proceeds as of August 22, 2023 *RMB million*	Changed use of proceeds	Revised allocation of unutilized net proceeds approved on August 22, 2023 *RMB million*	Expected timeline of full utilization of the unutilized net proceeds[1]
For expanding commercialization capabilities and production capacity (i) expanding the production capacity for commercialization of SCB-2019 (CpG 1018/ Alum) and (ii) building the commercialization team and enhancing full commercial platform	90.0%	450.4	404.1	362.6	266.0	96.6	69.4	For expanding commercialization capabilities to support the commercialization of respiratory vaccine products including seasonal influenza and COVID-19 vaccine	69.4	By June 2024
For extended working capital needs	10.0%	50.1	44.9	39.1	39.1	–	–	Same as original	–	–
Total	**100.0%**	**500.5**	**449.0**	**401.7**	**305.1**	**96.6**	**69.4**		**69.4**	

Notes:

1. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of regulatory approval, commercialization, post-marketing research and development and market conditions made by the Company. It will be subject to changes in accordance with the Company's actual business operations and market conditions.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of the date of this announcement, the unused net proceeds were deposited with certain licensed banks in Hong Kong.

Reasons for the Change in Use of Net Proceeds from the Placing

Taking into account the strategic goals of the Company and the actual demands of the market, the Company extended the use of RMB69.4 million of the unutilized net proceeds from the Placing, which was originally allocated for expanding commercialization capabilities and production capacity for SCB-2019 (CpG 1018/Alum), to expand commercialization capabilities to support the commercialization of the Company's respiratory vaccine products including seasonal influenza and COVID-19 vaccines.

Events After the End of Reporting Period

Save as disclosed in this announcement, no important events affecting the Company occurred subsequent to June 30, 2023 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.cloverbiopharma.com).

The interim report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

Supplemental Information to the 2022 Annual Report

Reference is made to the 2022 Annual Report. Unless otherwise specified, capitalized terms used in the succeeding paragraphs shall have the same meanings as those defined in the 2022 Annual Report. The Company would like to provide the following information in relation to the RSU Scheme and Post-IPO Share Option Plan.

RSU Scheme

- "Other grantees" under the RSU Scheme disclosed on page 49 of the 2022 Annual Report represents the employees of the Group excluding Directors set out individually therein.

- During the year ended December 31, 2022, the number of RSUs lapsed and the number of RSUs cancelled in accordance with the terms of the RSU Scheme are 11,387,781 and nil, respectively.

- As of the date of the 2022 Annual Report, the number of Shares available for issue under the RSU Scheme was nil as all Shares underlying the RSUs granted and to be granted under the RSU Scheme have been allotted and issued to the trustee of the RSU Scheme before the Listing Date.

Post-IPO Share Option Plan

- During the year ended December 31, 2022, the number of Options lapsed and the number of Options cancelled in accordance with the terms of the Post-IPO Share Option Plan are 5,681,855 and nil, respectively.

- As of the date of the 2022 Annual Report, 115,751,136 Shares are available for issue under the Post-IPO Share Option Plan (i.e. Shares underlying (i) options available for grant and (ii) outstanding options under the Post-IPO Share Option Plan), representing approximately 8.95% of the total number of Shares in issue as of the date of the 2022 Annual Report.

The above additional information does not affect other information contained in the 2022 Annual Report. Saved as disclosed above, all other information in the 2022 Annual Report remains unchanged.

Appreciation

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

The Company cannot guarantee that it will be able to ultimately develop and market its drug and vaccine candidates successfully. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

Definitions and Glossary of Technical Terms

"2022 Annual Report"	the annual report for the year ended December 31, 2022 by the Company published on April 20, 2023
"Adimmune"	Adimmune Corporation, one of the key suppliers of high-quality vaccines and biologics around the world
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CDC"	Center for Disease Control and Prevention

"CDMO(s)"	contract development and manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CEPI"	the Coalition for Epidemic Preparedness Innovations
"China NMPA"	the China National Medical Products Administration
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"Company", "our Company", "the Company" or "Clover"	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司), an exempted company incorporated in the Cayman Islands on October 31, 2018
"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purpose of this announcement, our Core Products refer to SCB-2019 (CpG 1018/Alum) and SCB-808
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CRO"	contract research organization, an entity that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CSO"	contract sales organization, an entity that provides a series of services and solutions related to marketing and sales activities under contracts with pharmaceutical, biotechnology, and medical device companies
"Director(s)"	the director(s) of the Company
"DML"	Drug Manufacturing License
"EUA"	emergency use authorization
"Global Offering"	the Hong Kong Public Offering (as defined in the Prospectus) and the International Offering (as defined in the Prospectus)

"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "we" or "us"	our Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standard
"IFRSs"	International Financial Reporting Standards
"Inside Information"	has the meaning ascribed thereto under the SFO
"IPO"	initial public offering
"Kyuan Trade"	Keyuan Xinhai (Beijing) Medical Products Trading Co. Ltd. (科園信海(北京)醫療用品貿易有限公司), a leading pharmaceutical import and distribution company in China
"Listing"	the initial public offering or initial listing of our Shares on the Stock Exchange
"Listing Date"	November 5, 2021, the date on which dealings in our Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"PCV"	pneumococcal conjugated vaccine
"Placees"	professional, institutional or other investor(s) selected and procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of the Placing Shares by the Placing Agent to the Placees at the Placing Price pursuant to the Placing Agreement

"Placing Agent"	Credit Suisse (Hong Kong) Limited, incorporated in Hong Kong with limited liability and a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, each as defined under the SFO
"Placing Agreement"	the placing agreement entered into between the Company and the Placing Agent dated December 6, 2022 in respect of the Placing
"Placing Price"	HKD3.95 per Placing Share
"Placing Shares"	128,000,000 new Shares were allotted and issued by the Company pursuant to the Placing Agreement
"PreF"	a fusion (F) antigen in its native prefusion and trimeric conformation
"Prospectus"	the prospectus issued by the Company dated October 25, 2021
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2023
"RMB"	Renminbi Yuan, the lawful currency of China
"RSV"	Respiratory Syncytial Virus
"S-Trimer"	a stabilized trimeric form of the S-protein
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of USD0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"SPECTRA"	Study Evaluating Protective-Efficacy and Safety of Clover's Trimeric Recombinant Protein-based and Adjuvanted COVID-19 Vaccine

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	United States dollars, the lawful currency of the United States

By order of the Board
Clover Biopharmaceuticals, Ltd.
Dr. Peng LIANG
Chairman of the Board

Shanghai, PRC, August 23, 2023

As of the date of this announcement, the Board comprises Dr. Peng LIANG and Mr. Joshua G LIANG as executive Directors; Dr. Xiaodong WANG, Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS as non-executive Directors; and Dr. Xiaobin WU, Mr. Xiang LIAO, Mr. Jeffrey FARROW and Mr. Thomas LEGGETT as independent non-executive Directors.