



**Clover Biopharmaceuticals, Ltd.**

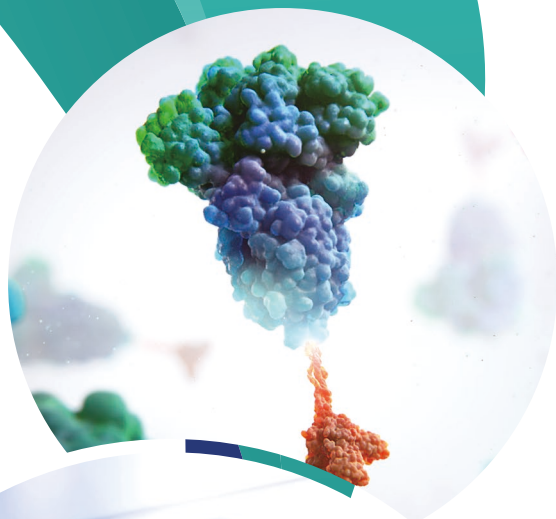
**三葉草生物製藥有限公司**

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 2197

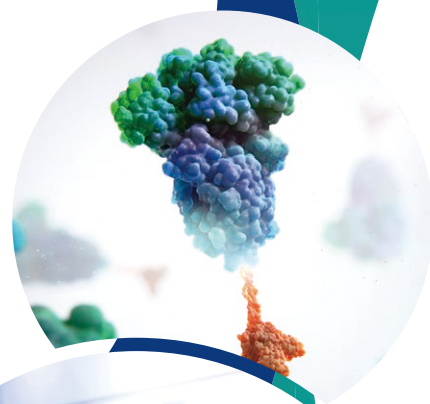
**2023**

INTERIM REPORT



# CONTENTS

2	Corporate Information
4	Financial Highlights
6	Business Highlights
7	Management Discussion and Analysis
21	Other Information
44	Independent Review Report
45	Interim Condensed Consolidated Statement of Profit or Loss
46	Interim Condensed Consolidated Statement of Comprehensive Income
47	Interim Condensed Consolidated Statement of Financial Position
49	Interim Condensed Consolidated Statement of Changes in Equity
51	Interim Condensed Consolidated Statement of Cash Flows
53	Notes to Interim Condensed Consolidated Financial Information
82	Definitions



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. LIANG Peng (*Chairman*)

Mr. LIANG Joshua G

### Non-executive Directors

Dr. WANG Xiaodong

Dr. Donna Marie AMBROSINO

Dr. Ralf Leo CLEMENS

### Independent Non-executive Directors

Dr. WU Xiaobin

Mr. LIAO Xiang

Mr. Jeffrey FARROW

Mr. Thomas LEGGETT

## AUDIT COMMITTEE

Mr. Thomas LEGGETT (*Chairman*)

Mr. LIAO Xiang

Mr. Jeffrey FARROW

## REMUNERATION COMMITTEE

Dr. WU Xiaobin (*Chairman*)

Dr. WANG Xiaodong

Mr. LIAO Xiang

## NOMINATION COMMITTEE

Dr. LIANG Peng (*Chairman*)

Dr. WU Xiaobin

Mr. Thomas LEGGETT

## AUTHORISED REPRESENTATIVES

Mr. LIANG Joshua G

Ms. CHAU Hing Ling (周慶齡)

## JOINT COMPANY SECRETARIES

Mr. Brian KREX (*resigned on March 31, 2023*)

Ms. WANG Xiaoyan (王曉艷)

(*appointed on March 31, 2023*)

Ms. CHAU Hing Ling (周慶齡)

(*Fellow member of The Hong Kong Chartered Governance Institute*)

## REGISTERED OFFICE

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shanghai

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman

KY1-1102

Cayman Islands

# CORPORATE INFORMATION

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## HONG KONG LEGAL ADVISOR

Kirkland & Ellis  
26/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## STOCK CODE

2197

## COMPANY WEBSITE

[www.cloverbiopharma.com](http://www.cloverbiopharma.com)

## LISTING DATE

November 5, 2021

## FINANCIAL HIGHLIGHTS

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

	Six months ended June 30,	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Other income and gains	2,510,809	11,792
Selling and distribution expenses	(22,511)	–
Administrative expenses	(109,468)	(225,343)
R&D 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.



## FINANCIAL HIGHLIGHTS

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.

R&D 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)
<b>Added:</b>		
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.
  - o 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
	AdimFlu-S (QIS) <sup>(1)</sup>	Quadrivalent Influenza A and B	Seasonal Influenza								China
	SCB-2019 (CpG 1018/Alum) <sup>(2)</sup>	SARS-CoV-2 S-Trimer (Broad Neutralization)	COVID-19								China
											Global (Ex-China)
<b>Vaccines</b>	≥1 Mid-to-Late Stage <sup>(3)</sup> 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 <sup>(4)</sup>	XBB.1.5-Adapted SARS-CoV-2 S-Trimer	COVID-19								
	SCB-1001 <sup>(5)</sup>	Rabies G-Trimer	Rabies								
<b>Other Assets</b>	SCB-219M <sup>(6)</sup>	TPO Mimetic Bispecific-Fc	Chemotherapy-Induced Thrombocytopenia (CIT)								
	SCB-313 <sup>(7)</sup>	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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

- 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 and support Clover's established and growing commercial 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

**Cautionary Statement required under Rule 18A.08(3) of the Listing Rules:** The Company cannot guarantee that it will be able to successfully develop, or ultimately market our drug and vaccine candidates (including our Core Products). Shareholder and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

## 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)
R&D 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)

## MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
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)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>21,213</b>	<b>32,952</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>671,837</b>	<b>(1,103,133)</b>
<b>Non-IFRS Measures</b>		
Adjusted profit/(loss) for the period	674,468	(1,072,218)



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000	2022 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
<b>Total</b>	<b>109,468</b>	<b>225,343</b>

### R&D 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000	2022 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
<b>Total</b>	<b>385,603</b>	<b>855,265</b>

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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)

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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
<b>Total Assets</b>	<b>3,079,045</b>	4,694,706
Total current liabilities	2,367,313	2,829,205
Total non-current liabilities	683,179	2,533,638
<b>Total liabilities</b>	<b>3,050,492</b>	5,362,843
<b>Net current assets</b>	<b>438,247</b>	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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report.

## 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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
R&D	200	29.4%
Manufacturing and CMC	281	41.3%
General and Administrative	121	17.7%
Selling and Marketing	79	11.6%
<b>Total</b>	<b>681</b>	<b>100%</b>

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.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of June 30, 2023, the interests and short positions of the Directors or chief executives of our Company and their associates in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director or Chief Executive	Nature of Interest	Number of Shares/ Underlying Shares Held (Long position)	Approximate Percentage of Shareholding Interest <sup>(6)</sup>
Dr. LIANG Peng	Beneficial owner	209,393,161	16.18%
	Beneficial owner <sup>(1)</sup>	2,146,263	0.17%
	Interest of a party to an agreement <sup>(2)</sup>	18,480,937	1.43%
	Interest of a party to an agreement <sup>(3)</sup>	55,700,000	4.30%
Mr. LIANG Joshua G	Beneficial owner	18,480,937	1.43%
	Beneficial owner <sup>(4)</sup>	10,850,930	0.84%
	Interest of a party to an agreement <sup>(2)</sup>	209,393,161	16.18%
Dr. WANG Xiaodong	Beneficial owner <sup>(5)</sup>	912,875	0.07%
	Beneficial owner	28,147,625	2.18%
Dr. WU Xiaobin	Beneficial owner <sup>(5)</sup>	912,875	0.07%
	Beneficial owner	147,625	0.01%
Mr. LIAO Xiang	Beneficial owner <sup>(5)</sup>	912,875	0.07%
	Beneficial owner	147,625	0.01%
Mr. Jeffrey FARROW	Beneficial owner <sup>(5)</sup>	912,875	0.07%
	Beneficial owner	147,625	0.01%
Mr. Thomas LEGGETT	Beneficial owner <sup>(5)</sup>	912,875	0.07%
	Beneficial owner	147,625	0.01%
Dr. Ralf Leo CLEMENS	Beneficial owner <sup>(5)</sup>	1,112,339	0.09%
	Beneficial owner	465,132	0.04%
Dr. Donna Marie AMBROSINO	Beneficial owner <sup>(5)</sup>	788,274	0.06%
	Beneficial owner	82,022	0.006%

## OTHER INFORMATION

### Notes:

- (1) Referring to the Shares underlying the RSUs and options granted to Dr. Liang under the RSU Scheme and the Post-IPO Share Option as of June 30, 2023.
- (2) Pursuant to the Acting-in-concert Deed, Dr. Liang and Mr. Joshua Liang agreed to act in concert by aligning their votes at Shareholders' meetings of the Company. Therefore, they were deemed to be jointly interested in the aggregate number of Shares held by each other.
- (3) Pursuant to the voting proxy agreements entered into on March 16, 2021 by each of Dr. WANG Xiaodong, Mr. ZHU Jianwei, Mr. JIANG Pu and Mr. PING Zheng (the "Grantors") and Dr. Liang, respectively, each of the Grantors granted the voting right of the then shares of the Company held by them to Dr. Liang. Therefore, Dr. Liang was deemed to be interested in the then shares of the Company held by the Grantors under the SFO.
- (4) Referring to the Shares underlying the RSUs and options granted to Mr. Joshua Liang under the RSU Scheme and the Post-IPO Share Option as of June 30, 2023.
- (5) Referring to the Shares underlying the RSUs and options granted to each of these Directors under the RSU Scheme and Post-IPO Share Option as of June 30, 2023.
- (6) Calculated based on 1,294,002,733 total issued Shares of these Company as of June 30, 2023.

Save as disclosed above, as of June 30, 2023, none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2023, the following persons (other than the Directors or chief executives of the Company or their associates) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group:

#### Long Positions in the Shares of the Company

Name of Substantial Shareholder	Nature of interest	Shares/Underlying Shares Held as of June 30, 2023	
		Number of Shares	Approximate percentage <sup>(4)</sup>
JNRY <sup>(1)</sup>	Beneficial owner	91,217,442	7.05%
AUT-XXI <sup>(1)</sup>	Beneficial owner	66,375,987	5.13%
Shanghai Tianhe <sup>(2)</sup>	Beneficial owner	69,999,500	5.41%
Ms. Wang Shibi <sup>(2)</sup>	Interest in controlled corporation	90,589,000	7.00%
Lapam Fund IV <sup>(3)</sup>	Beneficial owner	49,213,878	3.80%
Lapam Fund III <sup>(3)</sup>	Beneficial owner	35,152,768	2.72%

Notes:

(1) AUT-XXI Hong Kong Holdings Limited ("AUT-XXI") is wholly owned by AUT-XXI Holdings Limited ("AUT Holding"). The sole shareholder of AUT Holding is HH IMV Holdings, L.P. ("HH IMV"). The sole limited partner of HH IMV is Hillhouse Fund IV, L.P. ("Hillhouse Fund"), which is managed and controlled by Hillhouse Investment Management, Ltd. ("Hillhouse Investment"). Therefore, each of AUT Holding, HH IMV, Hillhouse Fund, Hillhouse Investment and HH IMV Holdings GP, Ltd. was deemed to be interested in the Shares held by AUT-XXI under the SFO.

JNRY V Holdings Limited ("JNRY") is ultimately managed and controlled by Hillhouse Investment. Therefore, each of Hillhouse Investment and HH IMV Holdings GP, Ltd. was deemed to be interested in the Shares held by JNRY under the SFO.

## OTHER INFORMATION

- (2) Chengdu Tianhe Conventional Chinese and Medicine Technology Nurture Co., Ltd. (成都天河中西醫科技保育有限公司) (“**Chengdu Tianhe**”) is a limited partner and holds 99% of the equity interest in Shanghai Tianhe Shengtai Enterprise Management Partnership (Limited Partnership) (上海天合生泰企業管理合夥企業(有限合夥)) (“**Shanghai Tianhe**”). Chengdu Tianhe was controlled by Ms. WANG Shibi and Ms. CHENG Xinxin, Ms. WANG Shibi’s daughter, as to 42% and 58% of the equity interests, respectively. Chengdu Hejisheng Health Technology Co., Ltd. (成都和濟生健康科技有限公司) (“**Chengdu Hejisheng**”) is the general partner of Shanghai Tianhe. Chengdu Hejisheng is wholly controlled by (成都標匯檢測技術有限公司) (“**Chengdu Biaohui**”). Chengdu Biaohui is wholly controlled by Chengdu Tianhe. Therefore, each of Chengdu Tianhe, Chengdu Hejisheng, Chengdu Biaohui, Ms. WANG Shibi and Ms. CHENG Xinxin was deemed to be interested in the Shares in which Shanghai Tianhe was interested under the SFO.

Sichuan Tianhe Biomedicine Venture Capital Fund Partnership Enterprise (Limited Partnership) (四川天河生物醫藥產業創業投資基金合夥企業(有限合夥)) (“**Sichuan Tianhe**”), which was beneficially interested in 30,660,000 Shares as of June 30, 2023, is managed by its general partner, Chengdu Ronghui Datong Equity Investment Fund Management Co., Limited (成都融匯大通股權投資基金管理有限公司) (“**Ronghui Datong**”). Ronghui Datong was controlled by Chengdu Tianhe which held 70% equity interests in Ronghui Datong. Therefore, each of Ronghui Datong, Chengdu Tianhe, Ms. WANG Shibi and Ms. CHENG Xinxin was deemed to be interested in the Shares in which Sichuan Tianhe was interested under the SFO.

- (3) Beijing Lapam Healthcare Investment Center (Limited Partnership) (北京龍磐健康醫療投資中心(有限合夥)) (“**Lapam Fund III**”) is a limited partnership established under the laws of the PRC. The general partner of Lapam Fund III is Tibet Lapam Yijing Chuangye Investment Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)) (“**Tibet Yijing**”), which is in turn managed by its general partner, Beijing Lapam Investment Management Consulting Center (General Partnership) (北京龍磐投資管理諮詢中心(普通合夥)) (“**Lapam Investment**”). The general partner of Lapam Investment is Mr. YU Zhihua (余治華). The single largest limited partner of Lapam Investment is Tibet Lapam Management Consulting Center (Limited Partnership) (西藏龍磐管理諮詢中心(有限合夥)) (“**Tibet Lapam Consulting**”) which is controlled by Mr. YU Zhihua. Hangzhou Yuhang Lapam Healthcare Equity Investment Fund Partnership Enterprise (Limited Partnership) (杭州余杭龍磐健康醫療股權投資基金合夥企業(有限合夥)) (“**Lapam Fund IV**”), is a limited partnership established under the laws of the PRC. The general partner of Lapam Fund IV is Tibet Lapam Consulting that is controlled by Mr. YU Zhihua. The single largest limited partner of Lapam Fund IV is National Council for Social Security Fund (全國社會保障基金理事會), which is controlled by the State Council of China.
- (4) Calculated based on 1,294,002,733 total issued Shares of the Company as of June 30, 2023.

Save as disclosed above, as of June 30, 2023, so far as the Directors are aware, no person, other than the Directors or chief executives of the Company whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations” above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time for the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## 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 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.

### CHANGES IN THE INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director of the Company since April 20, 2023, being the publication date of the Company's annual report for 2022, are set out below:

Mr. Jeffrey FARROW has been appointed as the chief financial officer and chief strategy officer of Tarsus Pharmaceuticals, Inc., a company whose shares are listed on the NASDAQ (ticker symbol: TARS) with effect from April 24, 2023.



## OTHER INFORMATION

### CHANGE OF JOINT COMPANY SECRETARY

On March 31, 2023, Mr. Brian KREX tendered his resignation as a joint company secretary of the Company (the “**Joint Company Secretary**”) with effect from March 31, 2023 due to other work commitments. Ms. WANG Xiaoyan (王曉艷) has been appointed as a Joint Company Secretary with effect from March 31, 2023, and Ms. CHAU Hing Ling (周慶齡) will continue to serve as the other Joint Company Secretary.

Details of change of the Joint Company Secretary are set out in the Company’s announcement dated March 31, 2023.

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has established the Audit Committee and has formulated its written terms of reference, which will from time to time be modified, in accordance with the prevailing provisions of the Corporate Governance Code.

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. Liao Xiang. 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.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### INTERIM DIVIDENDS

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

### PRE-IPO SHARE OPTION PLAN

The Pre-IPO Share Option Plan was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021.

The following is a summary of the principal terms of the Pre-IPO Share Option Plan.

#### (a) Purpose of the Pre-IPO Share Option Plan

The purpose of the Pre-IPO Share Option Plan is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

#### (b) Who May Join

Eligible participants include:

- (i) any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest (the “**Invested Entity**”);
- (ii) any non-executive directors of the Group or any of the Invested Entities but excluding any independent non-executive directors;
- (iii) consultants and advisors, provided that such consultants and advisors render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and
- (iv) general partners.

The options under this Pre-IPO Share Option Plan can be granted to any company wholly owned by one or more eligible participants, or any discretionary trust where any eligible participant is a discretionary object.

#### (c) Maximum Number of Shares Available for Subscription

The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Plan is 25,947,096 Shares (the “**Plan Limit**”). Option lapsed and/or canceled in accordance with the terms of this plan shall not be counted for the purpose of calculating the Plan Limit, and the number of Shares in respect of which options may be granted under this plan shall be increased by the same number of options lapsed and/or canceled.

## OTHER INFORMATION

### (d) Exercise Price

The exercise price in relation to each option offered to an eligible participant shall, subject to the adjustments as a result of capital restructuring in accordance with the Prospectus, be a price that is set out in the offer notice representing not less than the par value of a Share.

### (e) Duration of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan shall be valid and effective for a period commencing on the date of its adoption and ending immediately prior to the Listing Date (both dates inclusive). No further options shall be granted under this plan after the Listing Date but the provisions of this Plan shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of this plan and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this plan.

### (f) Outstanding Options

No options under the Pre-IPO Share Option Plan were granted after the Listing Date. The exercise period of the options granted is ten years commencing from the date upon which the options are deemed to be granted and accepted pursuant to the terms of the Pre-IPO Share Option Plan. The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Plan as of June 30, 2023.

Name	Date of Grant	Exercise Price	Number of Shares underlying the outstanding options as of January 1, 2023	Number of options granted during the Reporting Period	Exercise Date	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period <sup>(2)</sup>	Number of Shares underlying the outstanding options as of June 30, 2023	Approximate percentage of the Shares underlying the outstanding options <sup>(3)</sup>	Weighted average closing price of the Shares immediately before the dates on which the options exercised
Mr. JIANG Yuting (江宇霆) <sup>(1)</sup>	August 6, 2021	USD 0.001	5,500	-	-	-	-	5,500	0.0004%	-
Employees	Between April 18, 2021 and October 11, 2021	USD 0.001	7,634,372	-	Between January 3, 2023 and June 5, 2023	1,367,500	561,959	5,704,913	0.44%	2.05
<b>Total</b>			<b>7,639,872</b>	<b>-</b>		<b>1,367,500</b>	<b>561,959</b>	<b>5,710,413</b>	<b>0.44%</b>	

Notes:

- (1) Mr. JIANG Yuting is the nephew of Dr. Liang, our executive Director, and therefore a connected person.
- (2) During the Reporting Period, no options were cancelled in accordance with the terms of the Pre-IPO Share Option Plan.
- (3) Calculated based on 1,294,002,733 total issued Shares of the Company as of June 30, 2023.

Further details of the Pre-IPO Share Option Plan are set out in the Prospectus.

### RSU SCHEME

The RSU Scheme was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021 and amended on September 26, 2021, and is subject to certain applicable requirements under Chapter 17 of the Listing Rules.

#### (a) Purpose of the RSU Scheme

The purpose of the RSU Scheme is to enable the Company to grant RSUs to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

#### (b) Who May Join

Eligible participants (the “**Eligible Participants**”) means any person belonging to any of the following classes of persons:

- (i) any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest (the “**Invested Entity**”);
- (ii) any non-executive directors of the Group or any of the Invested Entities;
- (iii) consultants and advisors, provided that such consultants and advisors render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and
- (iv) general partners.

The RSUs under this Scheme can be granted to any company wholly owned by one or more Eligible Participants, or any discretionary trust where any Eligible Participant is a discretionary object.

#### (c) Maximum Number of Underlying Shares

Pursuant to the RSU Scheme, the overall limit on the number of Shares underlying all grants under the RSU Scheme is 77,350,000 Shares, which represents approximately 5.97% of the total issued share capital of the Company as of the Latest Practicable Date. As of the Latest Practicable Date, 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.

## OTHER INFORMATION

### (d) Awards

A grant shall be made to an Eligible Participant by a letter and/or any such notice or document in such form as the Board may from time to time determine (the “**Notice of Grant**”) and such grant shall be subject to the terms as specified in this Scheme and the Notice of Grant shall be substantially in the form set out in the RSU Scheme. The Eligible Participant shall undertake to hold the award on the terms on which it is granted and be bound by the provisions of this Scheme and the terms set forth in the Notice of Grant. Such award shall remain open for acceptance by the Eligible Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after the expiry of the Term or after this Scheme has been terminated in accordance with the provisions hereof. To the extent that the award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

If the Eligible Participant accepts the offer of grant of RSUs, he/she is required to sign a acceptance notice (the “**Acceptance Notice**”) and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the Eligible Participant of a duly executed Acceptance Notice, the RSUs are granted to such Eligible Participant, who becomes a grantee in this Scheme.

The Board shall, after any RSUs have been granted and duly accepted by the Eligible Participant(s), inform the trustee (the “**Trustee**”) of the name(s) of the Eligible Participant(s), the number of RSUs and the number of underlying Shares that can be acquired by each Eligible Participant upon exercise of the RSUs granted to each such Eligible Participant, the vesting schedule of RSUs (if any) and other terms and conditions (if any) that RSUs are subject to as determined by the Board.

### (e) Vesting Period

Unless otherwise provided hereof, the RSUs granted under this Scheme shall be vested to grantees in the manner set forth in the Notice of Grant (unless otherwise agreed by the Board in writing, in no event can any RSU granted be vested earlier than the day after the first half-year anniversary of the Listing Date).

Upon fulfillment or waiver of the vesting period and vesting conditions (if any) applicable to each of the grantees, a vesting notice (the “**Vesting Notice**”) will be sent to the grantee by the Board confirming (a) the extent to which the vesting period and vesting conditions (if any) have been fulfilled or waived and, (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the grantee will receive.

RSUs held by a grantee that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the grantee serving an exercise notice (the “**Exercise Notice**”) in writing on the Trustee and copied to the Company. Any exercise of RSUs must be in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof (except where the number of Shares underlying the RSUs which remains unexercised is less than one board lot). In an Exercise Notice, the grantee shall, subject to the paragraph below, request the Trustee to, and the Board shall direct and procure the Trustee to within five (5) Business Days, transfer the Shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the grantee which the Company has allotted and issued to the Trustee as fully paid up Shares or which the Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any Shareholder of the Company, subject to the grantee paying all tax, stamp duty, levies and charges applicable to such transfer to the Trustee or as the Trustee directs.

The grantee acknowledges that, at least three months in advance of the vesting of any installment of the RSUs held by him, the Company will instruct the Trustee to, promptly after such RSUs vest, sell certain number of Shares (being in a board lot or an integral multiple thereof except where the number of Shares underlying the RSUs which remains unexercised is less than one board lot) underlying such RSUs and Shares that have been vested but not yet transferred by the Trustee to him on the open market following the trading method designated by the grantee.

### (f) Duration of the RSU Scheme

The RSU Scheme shall be valid and effective commencing on the date of passing the resolutions of the Board and the Shareholders and shall remain in effect for a period of 10 years from such date which may be refreshed from time to time in the sole discretion of the Board (the “**Term**”), after which period no further awards will be granted, but the provisions of this Scheme shall in all other respects remain in full force and effect and awards that are granted during the Term may continue to be exercisable in accordance with their terms of issue. The RSU Scheme was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021 and amended on September 26, 2021. Accordingly, the remaining life of the RSU Scheme is approximately 8 years as of the Latest Practicable Date.

## OTHER INFORMATION

### (g) Outstanding RSUs

As of June 30, 2023, 105 grantees were granted with RSUs with a total of 20,256,959 underlying Shares under the RSU Scheme. The table below shows the details of RSUs granted to Directors that are outstanding as of June 30, 2023.

Name	Position	Date of Grant	Vesting Period	Number of Shares underlying the outstanding RSUs as of January 1, 2023	Number of RSUs granted during the Reporting Period	Vesting Date	Number of RSUs vested during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of Shares underlying the outstanding RSUs as of June 30, 2023	Approximate percentage of the Shares underlying the RSUs <sup>(1)</sup>	Weighted average closing price of the Shares immediately before the dates on which the RSUs vested
<b>Directors</b>											
Mr. LIANG Joshua G	Executive Director and chief executive officer	April 18, 2021	Note (2) and Note (13)	2,123,254	-	January 15, 2023 and April 15, 2023	303,324	-	1,819,930	0.14%	2.09
Dr. LIANG Peng	Executive Director and chief scientific officer	April 18, 2021	Note (2) and Note (13)	1,213,303	-	January 15, 2023 and April 15, 2023	173,320	-	1,039,983	0.08%	2.09
		March 31, 2022	Note (3) and Note (13)	137,916	-	Between January 1, 2023 and June 30, 2023	24,136	-	113,780	0.009%	1.54
Dr. WANG Xiaodong	Non-executive Director	October 11, 2021	Note (4)	312,375	-	-	-	-	312,375	0.02%	-
		March 31, 2022	Note (5)	43,500	-	March 31, 2023	43,500	-	-	0.00%	1.66
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-
Dr. WU Xiaobin	Independent non-executive Director	October 11, 2021	Note (4)	312,375	-	-	-	-	312,375	0.02%	-
		March 31, 2022	Note (5)	43,500	-	March 31, 2023	43,500	-	-	0.00%	1.66
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-
Mr. LIAO Xiang	Independent non-executive Director	October 11, 2021	Note (4)	312,375	-	-	-	-	312,375	0.02%	-
		March 31, 2022	Note (5)	43,500	-	March 31, 2023	43,500	-	-	0.00%	1.66
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-
Mr. Jeffrey FARROW	Independent non-executive Director	October 11, 2021	Note (4)	312,375	-	-	-	-	312,375	0.02%	-
		March 31, 2022	Note (5)	43,500	-	March 31, 2023	43,500	-	-	0.00%	1.66
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-
Mr. Thomas LEGGETT	Independent non-executive Director	October 11, 2021	Note (4)	312,375	-	-	-	-	312,375	0.02%	-
		March 31, 2022	Note (5)	43,500	-	March 31, 2023	43,500	-	-	0.00%	1.66
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-
Dr. Ralf Leo CLEMENS	Non-executive Director	April 18, 2021	Note (3)	485,331	-	Between January 15, 2023 and June 15, 2023	103,992	-	381,339	0.03%	1.97
		July 19, 2022	Note (7)	58,000	-	June 15, 2023	14,500	-	43,500	0.003%	1.02
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-

## OTHER INFORMATION

Name	Position	Date of Grant	Vesting Period	Number of Shares underlying the RSUs as of January 1, 2023	Number of RSUs granted during the Reporting Period	Vesting Date	Number of RSUs vested during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of Shares underlying the RSUs as of June 30, 2023	Approximate percentage of the Shares underlying the RSUs <sup>(1)</sup>	Weighted average closing price of the Shares immediately before the dates on which the RSUs vested
Dr. Donna Marie AMBROSINO	Non-executive Director	April 18, 2021	Note (3)	72,856	-	Between January 15, 2023 and June 15, 2023	15,582	-	57,274	0.004%	1.97
		July 19, 2022	Note (7)	58,000	-	June 15, 2023	14,500	-	43,500	0.003%	1.02
		April 11, 2023	Note (6)	-	49,000	-	-	-	49,000	0.004%	-
5 highest paid individuals (excluding Directors)		Between April 18, 2021 and April 11, 2023	Note (3), Note (8), Note (9) or Note (10)	5,408,972	722,500	Between January 3, 2023 and June 12, 2023	1,613,486	-	4,517,986	0.35%	1.97
Employees (excluding Directors)		Between April 18, 2021 and Oct 11, 2021	Note (2) or Note (3)	8,296,631	-	Between January 1, 2023 and June 25, 2023	2,039,489	2,510,774	3,746,368	0.29%	2.03
		Between May 12, 2022 and April 11, 2023	Note (8), Note (9) or Note (10)	4,077,859	3,922,500	Between January 1, 2023 and June 12, 2023	493,705	918,230	6,588,424	0.51%	2.05
<b>Total</b>				<b>23,711,497</b>	<b>4,988,000<sup>(1a)</sup></b>		<b>5,013,534</b>	<b>3,429,004</b>	<b>20,256,959</b>	<b>1.57%</b>	<b>1.99</b>

### Notes:

- (1) Calculated based on 1,294,002,733 total issued Shares of the Company as of June 30, 2023.
- (2) 25% of the RSU granted will vest on the 1st anniversary of the vesting commencement date as contemplated in the notice of grant, and forty-eighth (1/48th) of the RSU granted shall vest upon each month after that during a 36-month term. In addition, all the RSU shall only be vested subject to the satisfaction of listing-based condition on the date after the first half year anniversary of the Listing Date.
- (3) 100% of the RSUs granted shall vest evenly on a monthly basis within four years from the vesting commencement date as contemplated in the notice of grant, in addition, all the RSU shall only be vested subject to the satisfaction of listing-based condition on the date after the first half-year anniversary of the Listing Date.
- (4) 25% of the RSU granted will vest on the 1st anniversary of the vesting commencement date as contemplated in the notice of grant, and 25% of the RSU granted shall vest upon each anniversary after that during a three-year term. In addition, all the RSUs shall only be vested subject to the satisfaction of listing-based condition on the date after the first half-year anniversary of the Listing Date.
- (5) 100% of the RSUs granted shall vest on the first anniversary of the date of grant.
- (6) Subject to both a service condition (100% of the RSUs will vest on the first anniversary of April 1, 2023.) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).



## OTHER INFORMATION

- (7) Twenty-five percent (25%) of the RSUs granted shall vest on June 15, 2023 and the rest of the RSUs granted will vest yearly thereafter.
- (8) Pursuant to the relevant notice of grant issued to each grantee, the RSUs granted are subject to either of the following vesting schedules: (i) one-forty-eighth (1/48th) of the RSUs granted shall vest on monthly basis with one-year cliff, which means the first 25% will vest on the first anniversary of the first Business Day of the grantee's onboarding month, and the remaining 75% of RSUs granted will vest on monthly basis thereafter; or (ii) one-forty-eighth (1/48th) of the RSUs granted shall vest on monthly basis starting from the date of grant.
- (9) Pursuant to the relevant notice of grant issued to each grantee, the RSUs granted are subject to either of the following vesting schedules: (i) Twenty-five percent (25%) of the RSUs granted shall vest on the first anniversary of the first day of the grantee's onboarding month and the rest of the RSUs granted will vest monthly in three years thereafter equally; or (ii) Twenty-five percent (25%) of the RSUs granted shall vest on December 1, 2023 and the rest of the RSUs granted will vest monthly in three years thereafter equally.
- (10) Subject to both a service condition (twenty-five percent (25%) of the RSUs will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the RSUs will vest in six equal installments on a semi-annual basis thereafter.) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).
- (11) The vesting of the RSUs granted to the RSU grantees will be subject to both the group level performance targets and the individual annual and/or semi-annual performance targets as stipulated in the respective grant letter issued by the Company to each of the RSU grantees. For the group level performance, the Board and management of the Company will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as progress of R&D programs and pipeline, product commercialization performance and the Company's financial conditions. For the individual level performance, the Group has established a standard performance appraisal system for the Directors, senior management and employees to evaluate their performance and contribution to the Group. The Company will determine whether the RSU grantees meet the individual performance targets based on their performance appraisal results for the relevant vesting period. The RSUs will only be vested if the RSU grantees pass their respective performance evaluation in the annual and/or semi-annual assessment (as the case may be) for the corresponding vesting period.
- (12) The closing price of the Shares immediately before the date of grant on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022 and April 11, 2023 was HK\$6.99, HK\$3.11, HK\$3.62, HK\$3.5 and HK\$1.65, respectively. The fair values per RSU granted under the RSU Scheme on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022 and April 11, 2023 were HK\$6.9, HK\$2.82, HK\$3.64, HK\$3.24 and HK\$1.82, respectively, which were measured based on the closing price of the Shares at the respective date of grant. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK\$1.99.
- (13) On December 16, 2022, The Board resolved to amend the vesting schedule so that the unvested RSUs as of January 31, 2023 shall vest quarterly thereafter equally.
- (14) During the Reporting Period, no RSU was cancelled in accordance with the terms of the RSU Scheme.
- (15) The exercise price of the RSU in accordance with the terms of the RSU Scheme was nil.
- (16) On May 30, 2023, the Board was informed by Dr. Liang and Mr. Joshua Liang that after due and careful considerations, each of Dr. Liang and Mr. Joshua Liang decided not to accept the RSUs granted in the year of 2023.

The number of RSUs available for grant under the RSU Scheme at the beginning and the end of the Reporting Period are 32,018,833 and 30,459,837, respectively.

### POST-IPO SHARE OPTION PLAN

The Post-IPO Share Option Plan was approved and adopted by the resolutions of the Board and the Shareholders dated September 26, 2021, and is subject to the requirements under Chapter 17 of the Listing Rules.

The following is a summary of principal terms of the Post-IPO Share Option Plan.

#### (a) Purpose of the Post-IPO Share Option Plan

The purpose of the Post-IPO Share Option Plan is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

#### (b) Who May Join

Eligible participants include:

- (i) any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest (the “**Invested Entity**”);
- (ii) any non-executive directors of the Group or any of the Invested Entities;
- (iii) consultants and advisors, provided that such consultants and advisors render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and
- (iv) general partners.

The options under this Post-IPO Share Option Plan can be granted to any company wholly owned by one or more eligible participants, or any discretionary trust where any eligible participant is a discretionary object.

#### (c) Maximum Number of Shares Available for Subscription

At the time of adoption by the Company of the Post-IPO Share Option Plan or any new share option scheme (the “**New Scheme**”), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Plan, the New Scheme and all schemes, which became effective after the Shares were listed on the Stock Exchange, existing at such time (the “**Existing Scheme(s)**”) of the Company must not in aggregate exceed 10% of the total number (i.e., 115,811,472) of Shares in issue as of the date the Shares commence trading on the Stock Exchange (i.e., 1,158,114,723) or the date of adoption of the New Scheme (as the case may be) (the “**Scheme Mandate Limit**”). As of the date of the Latest Practicable Date, 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 8.94% of the total number of Shares in issue as of the Latest Practicable Date. For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted.

## OTHER INFORMATION

### (d) Maximum Entitlement of Each Eligible Participant

No option shall be granted to any eligible participants (the “**Relevant Eligible Participants**”) if, at the relevant time of grant, the total number of Shares issued and to be issued upon exercise of all options and options under any other share option schemes of the Company (including those options granted and proposed to be granted, whether exercised, canceled or outstanding) to the Relevant Eligible Participants in the 12-month period up to and including the date of such grant would exceed 1% of the total number of shares in issue at such time, within any 12-month period unless approved by the Shareholders in accordance with the Listing Rules.

### (e) Option Period

Option period (a period within which an option may be exercised) is to be determined and notified by the Board to each grantee during which the option may be exercised, which period shall expire in any event not later than last day of 10-year period after the date of grant of the option (subject to provisions for early termination contained in the Post-IPO Share Option Plan).

### (f) Subscription Price

The price at which each Share subject to an option may be subscribed for on the exercise of that option (the “**Subscription Price**”) shall be a price solely determined by the Board and notified to an eligible participant and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the offer date, which must be a Business Day;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (iii) the nominal value of the Shares.

### (g) Duration of the Post-IPO Share Option Plan

The Post-IPO Share Option Plan shall be valid and effective for a period of 10 years commencing on the date on which it is adopted by ordinary resolution of the Shareholders in general meeting which is September 26, 2021, after which period, no further options shall be granted. Accordingly, the remaining life of the Post-IPO Share Option Plan is approximately 8 years as of the Latest Practicable Date. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the Post-IPO Share Option Plan shall remain in full force and effect.

## (h) Outstanding Options

As of June 30, 2023, 204 grantees were granted with outstanding options with a total of 49,915,246 underlying Shares under the Post-IPO Share Option Plan. The table below shows details of the outstanding share options granted to all grantees under the Post-IPO Share Option Plan as of June 30, 2023.

Name	Date of Grant	Exercise Price <sup>(1)</sup>	Vesting Period <sup>(2)</sup>	Exercise Date	Number of Shares underlying the outstanding options as of January 1, 2023	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of Shares underlying the outstanding options as of June 30, 2023	Approximate percentage of the Shares underlying the outstanding option <sup>(3)</sup>	Weighted average closing price of the Shares immediately before the dates on which the options exercised
<b>Directors</b>											
Mr. LIANG Joshua G	March 31, 2022	HKD7.30	Note (4)	-	9,031,000	-	-	-	9,031,000	0.70%	-
Dr. LIANG Peng	March 31, 2022	HKD7.30	Note (4)	-	992,500	-	-	-	992,500	0.08%	-
Dr. WANG Xiaodong	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	-	260,500	0.02%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Dr. WU Xiaobin	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	-	260,500	0.02%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Mr. LIAO Xiang	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	-	260,500	0.02%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Mr. Jeffrey FARROW	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	-	260,500	0.02%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Mr. Thomas LEGGETT	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	-	260,500	0.02%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Dr. Ralf Leo CLEMENS	July 19, 2022	HKD3.894	Note (6)	-	347,500	-	-	-	347,500	0.03%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Dr. Donna Marie AMBROSINO	July 19, 2022	HKD3.894	Note (6)	-	347,500	-	-	-	347,500	0.03%	-
	April 11, 2023	HKD1.82	Note (7)	-	-	291,000	-	-	291,000	0.02%	-
Employees (excluding Directors)	May 12, 2022	HKD4.116	Note (8)	-	16,930,809	-	-	2,299,063	14,631,746	1.13%	-
	December 15, 2022	HKD3.83	Note (9)	-	5,732,500	-	-	528,500	5,204,000	0.40%	-
	April 11, 2023	HKD1.82	Note (10)	-	-	16,813,500	-	792,000	16,021,500	1.24%	-
<b>Total</b>					<b>34,684,309</b>	<b>18,850,500</b>	<b>-</b>	<b>3,619,563</b>	<b>49,915,246</b>	<b>3.86%</b>	

## OTHER INFORMATION

### Notes:

- (1) The closing price of the Shares immediately before the date of grant on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022 and April 11, 2023 was HK\$6.99, HK\$3.11, HK\$3.62, HK\$3.5 and HK\$1.65, respectively. The fair values per option granted under the Post-IPO Share Option Plan on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022 and April 11, 2023 were HK\$4.15, HK\$1.24, HK\$2.23, HK\$1.60 and HK\$0.99, respectively.
- (2) The validity period is 10 years from the date of grant.
- (3) Calculated based on 1,294,002,733 total issued Shares of the Company as of June 30, 2023.
- (4) 100% of the options granted shall become exercisable evenly on a monthly basis within four years from the date of grant provided that the first few tranches of options to become exercisable during the date of grant to May 5, 2022 (being the first half-year anniversary of the Listing Date) shall become exercisable in one go in May 2022.
- (5) 100% of the options granted shall vest on the first anniversary of the date of grant.
- (6) Twenty-five percent (25%) of the options granted shall vest on June 15, 2023 and the rest of the options granted will vest yearly thereafter.
- (7) Subject to both a service condition (100% of the options will vest on the first anniversary of April 1, 2023). and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).
- (8) Pursuant to the relevant offer letter issued to each grantee, the options granted are subject to either of the following vesting schedules: (i) one-forty-eighth (1/48th) of the options granted shall vest on monthly basis with one-year cliff, which means the first 25% will vest on the first anniversary of the first Business Day of the grantee's onboarding month, and the remaining 75% of options granted will vest on monthly basis thereafter; or (ii) one-forty-eighth (1/48th) of the options granted shall vest on monthly basis starting from the date of grant.
- (9) Pursuant to the relevant offer or award letter issued to each grantee, the options granted are subject to either of the following vesting schedules: (i) Twenty-five percent (25%) of the options granted shall vest on the first anniversary of the first day of the option grantee's onboarding month and the rest of the options granted will vest monthly in three years thereafter equally; or (ii) Twenty-five percent (25%) of the options granted shall vest on December 1, 2023 and the rest of the options granted will vest monthly in three years thereafter equally.
- (10) Subject to both a service condition (Twenty-five percent (25%) will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the options will vest in six equal installments on a semi-annual basis thereafter) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).
- (11) The vesting of the options granted to the option grantees will be subject to both the group level performance targets and the individual annual and/or semi-annual performance targets as stipulated in the respective grant letter issued by the Company to each of the option grantees. For Group level performance, the Board and management of the Company will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as progress of R&D programs and pipeline, product commercialization performance and the Company's financial conditions. For individual level performance, the Group has established a standard performance appraisal system for the Directors, senior management and employees to evaluate their performance and contribution to the Group. The Company will determine whether the option grantees meet the individual performance targets based on their performance appraisal results for the relevant vesting period. The options will only be vested if the option grantees pass their respective performance evaluation in the annual and/or semi-annual assessment (as the case may be) for the corresponding vesting period.
- (12) During the Reporting Period, no option was cancelled in accordance with the terms of the Post-IPO Share Option Plan.
- (13) On May 30, 2023, the Board was informed by Dr. Liang and Mr. Joshua Liang that after due and careful considerations, each of Dr. Liang and Mr. Joshua Liang decided not to accept the options granted in the year of 2023.

## OTHER INFORMATION

The total number of options available for grant under the Post-IPO Share Option Plan at the beginning and the end of the Reporting Period is 81,066,827 and 65,835,890, respectively.

The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is 1.52%.

### 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 <i>HKD million</i>	Original allocation of net proceeds as disclosed in the Prospectus <i>RMB million</i>	Unutilized net proceeds as of December 31, 2022 <i>RMB million</i>	Actual usage during the six months ended June 30, 2023 <i>RMB million</i>	Unutilized net proceeds as of June 30, 2023 <i>RMB million</i>	Unutilized net proceeds as of August 22, 2023 <i>RMB million</i>
1. For the R&D, 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 R&D, 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	-	-	-	-
<b>Total</b>	<b>100.0%</b>	<b>1,884.3</b>	<b>1,549.0</b>	<b>428.0</b>	<b>12.3</b>	<b>415.7</b>	<b>415.2</b>

## OTHER INFORMATION

### 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 <i>RMB million</i>	Revised percentage of unutilized net proceeds	Expected timeline of full utilization of the unutilized net proceeds <sup>(1)</sup>
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
<b>Total</b>	<b>415.2</b>	<b>100.0%</b>	

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 interim report, 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-313, 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.



## OTHER INFORMATION

### 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 <i>HKD million</i>	Original allocation of net proceeds <i>RMB million</i>	Unutilised net proceeds as of December 31, 2022 <i>RMB million</i>	Actual usage during the six months ended June 30, 2023 <i>RMB million</i>	Unutilized net proceeds as of June 30, 2023 <i>RMB million</i>	Unutilized net proceeds as of August 22, 2023 <i>RMB million</i>	Changed use of proceeds	Revised allocation of	Expected timeline of full utilization of the unutilized net proceeds <sup>(1)</sup>
									unutilized net proceeds on August 22, 2023 <i>RMB million</i>	
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	-	-
<b>Total</b>	<b>100.0%</b>	<b>500.5</b>	<b>449.0</b>	<b>401.7</b>	<b>305.1</b>	<b>96.6</b>	<b>69.4</b>		<b>69.4</b>	

#### Notes:

- The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of regulatory approval, commercialization, post-marketing R&D 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.
- The net proceeds were received in HKD and translated to RMB for application planning. As of the date of this interim report, the unused net proceeds were deposited with certain licensed banks in Hong Kong.

## OTHER INFORMATION

### 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 interim report, no important events affecting the Company occurred subsequent to June 30, 2023 and up to the Latest Practicable Date.

### 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.

# INDEPENDENT REVIEW REPORT



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To the board of directors of Clover Biopharmaceuticals, Ltd.

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 45 to 81, which comprises the condensed consolidated statement of financial position of Clover Biopharmaceuticals, Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young  
Certified Public Accountants  
Hong Kong  
22 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>REVENUE</b>	5	257	–
Cost of sales	8	(202)	–
Gross profit		55	–
Other income and gains	6	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	7	(1,330,909)	(65,092)
Finance costs		(11,749)	(2,177)
<b>PROFIT/(LOSS) BEFORE TAX</b>	8	650,624	(1,136,085)
Income tax expense	9	–	–
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		650,624	(1,136,085)
Attributable to:			
Owners of the parent		650,624	(1,136,085)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)</b>	11		
Basic		0.52	(1.05)
Diluted		0.52	(1.05)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>650,624</b>	<b>(1,136,085)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
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)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>21,213</b>	<b>32,952</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>671,837</b>	<b>(1,103,133)</b>
Attributable to:		
Owners of the parent	671,837	(1,103,133)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	174,952	185,790
Right-of-use assets	14	44,084	55,954
Intangible assets		36,192	34,998
Other non-current assets		18,257	28,035
<b>Total non-current assets</b>		<b>273,485</b>	<b>304,777</b>
<b>CURRENT ASSETS</b>			
Inventories	15	1,169,058	2,384,340
Trade receivables	13	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	16	19,653	19,243
Pledged deposits	16	238,764	229,861
Cash and cash equivalents	16	1,264,455	1,607,409
<b>Total current assets</b>		<b>2,805,560</b>	<b>4,389,929</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	17	226,378	856,964
Other payables and accruals		101,859	99,314
Interest-bearing bank borrowings		409,952	294,060
Contract liabilities	18	1,605,285	1,555,297
Lease liabilities	14	23,839	23,570
<b>Total current liabilities</b>		<b>2,367,313</b>	<b>2,829,205</b>
<b>NET CURRENT ASSETS</b>		<b>438,247</b>	<b>1,560,724</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>711,732</b>	<b>1,865,501</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14	22,152	36,738
Deferred income	19	145,776	2,496,900
Non-current portion of trade payables	17	515,251	–
Total non-current liabilities		683,179	2,533,638
<b>NET ASSETS/(LIABILITIES)</b>		<b>28,553</b>	<b>(668,137)</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	20	836	835
Treasury shares	20	(32)	(36)
Reserves		27,749	(668,936)
Total equity/(deficit)		28,553	(668,137)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 20)	Treasury shares RMB'000 (note 20)	Merger reserve RMB'000	Share premium RMB'000 (note 20)	Share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	
At 1 January 2023 (audited)	835	(36)	51,703	8,562,410	90,933	127,747	(9,501,729)	(668,137)
Profit for the period	-	-	-	-	-	-	650,624	650,624
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of the Company	-	-	-	-	-	194,901	-	194,901
Exchange differences on translation of foreign operations	-	-	-	-	-	(173,688)	-	(173,688)
Total comprehensive income for the period	-	-	-	-	-	21,213	650,624	671,837
Share issue expenses	-	-	-	(54)	-	-	-	(54)
Share-based compensation	-	-	-	-	24,897	-	-	24,897
Vesting of restricted share units	-	4	-	20,197	(20,201)	-	-	-
Exercise of share options	1	-	-	6,083	(6,074)	-	-	10
At 30 June 2023 (unaudited)	836	(32)	51,703*	8,588,636*	89,555*	148,960*	(8,851,105)*	28,553

\* These reserve accounts comprise the consolidated reserves of RMB27,749,000 as at 30 June 2023 in the interim condensed consolidated statement of financial position.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the parent							
	Share capital	Treasury shares	Merger reserve	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	742	(49)	51,703	7,971,649	137,637	107,292	(7,049,826)	1,219,148
Loss for the period	-	-	-	-	-	-	(1,136,085)	(1,136,085)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of the Company	-	-	-	-	-	228,388	-	228,388
Exchange differences on translation of foreign operations	-	-	-	-	-	(195,436)	-	(195,436)
Total comprehensive income/(loss) for the period	-	-	-	-	-	32,952	(1,136,085)	(1,103,133)
Share-based compensation	-	-	-	-	60,571	-	-	60,571
Vesting of restricted share units	-	11	-	75,242	(75,253)	-	-	-
Exercise of share options	2	-	-	13,579	(13,581)	-	-	-
At 30 June 2022 (unaudited)	744	(38)	51,703	8,060,470	109,374	140,244	(8,185,911)	176,586

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		650,624	(1,136,085)
Adjustments for:			
Interest income	6	(9,818)	(4,651)
Finance costs		11,749	2,177
Depreciation of property, plant and equipment		14,723	12,537
Depreciation of right-of-use assets	8	10,922	14,007
Amortisation of intangible assets	8	2,584	1,624
Gain on reassessment of a lease term arising from a decision not to exercise the extension option		(3)	–
Share-based compensation expenses		23,844	63,867
Foreign exchange differences, net	7	67,614	29,710
Write-down of inventories to net realisable value	7	1,236,704	–
Loss on disposal of intangible assets	7	3,590	–
Impairment of prepayments, other receivables and other assets	7	201	34,349
Loss on disposal of property, plant and equipment	7	–	7,305
Reversal of inventory provision	7	–	(7,442)
Fair value changes of financial assets at fair value through profit or loss	6	–	(229)
		<b>2,012,734</b>	<b>(982,831)</b>
Increase in inventories		(16,202)	(763,634)
Increase in trade receivables		(581)	–
Decrease in prepayments, other receivables and other assets		36,291	341,528
(Decrease)/increase in trade payables		(115,335)	382,174
(Decrease)/increase in deferred income		(2,351,124)	440,728
Decrease in other payables and accruals		(55,982)	(46,797)
Increase in contract liabilities		49,988	65,449
Cash used in operations		(440,211)	(563,383)
Interest received		9,818	4,651
Net cash flows used in operating activities		<b>(430,393)</b>	<b>(558,732)</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(3,747)	(52,923)
Proceeds from disposal of financial assets at fair value through profit or loss	–	31,137
Additions to intangible assets	(659)	(9,163)
(Increase)/decrease in time deposits and restricted cash and pledged deposits	(410)	40,813
<b>Net cash flows (used in)/from investing activities</b>	<b>(4,816)</b>	<b>9,864</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank loans	225,294	–
Repayment of bank borrowings	(119,171)	–
Interest paid	(1,717)	–
Lease payments	(16,239)	(14,304)
Share issue expenses	(54)	–
Proceeds from exercise of options	68	–
Increase in pledged deposits	(8,903)	–
<b>Net cash flows from/(used in) financing activities</b>	<b>79,278</b>	<b>(14,304)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(355,931)</b>	<b>(563,172)</b>
Cash and cash equivalents at beginning of period	1,607,409	2,767,371
Effect of foreign exchange rate changes, net	12,977	51,443
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,264,455</b>	<b>2,255,642</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,522,872	2,282,717
Time deposits and restricted cash	(19,653)	(27,075)
Pledged deposits	(238,764)	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	1,264,455	2,255,642

## 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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

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

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.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one operating segment, which is the research and development, manufacturing and commercialization of innovative vaccines. Since this is the only reportable operating segment of the Group, no further operating segment analysis therefore is presented.

### Geographical information

(a) *Revenue from external customers*

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Mainland China	257	–

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
	Mainland China	265,678
Other countries/regions	7,807	9,208
	273,485	304,777

The non-current asset information above is based on the locations of the assets.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 5. REVENUE

An analysis of revenue is as follows:

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

### Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Types of good</b>		
Vaccines	257	–
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	257	–



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (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
	<b>2,510,809</b>	<b>11,792</b>

\* 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 19.

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

## 7. OTHER EXPENSES

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (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
	<b>1,330,909</b>	<b>65,092</b>

\* Write-down of inventories to net realisable value during the six months ended 30 June 2023 is further explained in note 15.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 8. PROFIT/(LOSS) BEFORE TAX

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

	Note	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (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	14	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
<b>Total of employee benefit expenses</b>		<b>239,622</b>	<b>384,500</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 9. 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 taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 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 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, the United States was subject to statutory United States federal corporate income tax at a rate of 21% (2022: 21%).

## 9. INCOME TAX (CONTINUED)

### 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).

## 10. 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).

## 11. 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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

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

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 calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 12. PROPERTY, PLANT AND EQUIPMENT

30 June 2023	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
At beginning of period/year		
Cost	233,788	174,921
Accumulated depreciation	(47,998)	(19,232)
Net carrying amount	185,790	155,689
At beginning of period/year, net of accumulated depreciation	185,790	155,689
Additions	6,336	69,718
Depreciation provided during the period/year	(17,475)	(28,980)
Exchange realignment	301	(4)
At end of period/year, net of accumulated depreciation	174,952	185,790
At end of period/year:		
Cost	240,425	233,788
Accumulated depreciation	(65,473)	(47,998)
Net carrying amount	174,952	185,790

## 13. 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 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 6 months	581	–

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for various items of buildings and office equipment used in its operations. Leases of buildings generally have lease terms between 2 and 8 years and leases of office equipment generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension options, which are further discussed below.

#### (1) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

	Leasehold buildings RMB'000	Office equipment RMB'000	Total RMB'000
At 1 January 2022 (audited)	66,677	37	66,714
Additions	25,230	–	25,230
Reassessment of a lease term arising from a decision not to exercise the extension option	(8,497)	–	(8,497)
Depreciation charge	(27,681)	(9)	(27,690)
Exchange realignment	197	–	197
At 31 December 2022 and 1 January 2023 (audited)	55,926	28	55,954
Reassessment of a lease term arising from a decision not to exercise the extension option	–	(25)	(25)
Depreciation charge	(12,316)	(3)	(12,319)
Exchange realignment	474	–	474
At 30 June 2023 (unaudited)	44,084	–	44,084

## 14. LEASES (CONTINUED)

### The Group as a lessee (Continued)

#### (2) Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the period/year are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Carrying amount at beginning of period/year	60,308	67,920
New leases	–	25,230
Accretion of interest recognised during the period/year	1,479	4,219
Reassessment of a lease term arising from a decision not to exercise the extension option	(28)	(8,497)
Payments	(16,239)	(28,773)
Exchange realignment	471	209
Carrying amount at end of period/year	45,991	60,308
Analysed into:		
Current portion	23,839	23,570
Non-current portion	22,152	36,738



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 14. LEASES (CONTINUED)

### The Group as a lessee (Continued)

(3) The amounts recognised in profit or loss in relation to leases are as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Interest on lease liabilities	1,479	2,177
Depreciation charge of right-of-use assets (note 8)	10,922	14,007
Expense relating to short-term leases and leases of low-value assets (note 8)	1,080	1,305
Total amount recognised in profit or loss	13,481	17,489

## 15. INVENTORIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Raw materials	2,550,295	2,618,481
Work in progress	193,301	286,705
Finished goods	83,216	–
Impairment	(1,657,754)	(520,846)
	1,169,058	2,384,340

The Company periodically analyzes the inventories for excess amounts or obsolescence and makes inventory provision to write down obsolete or otherwise unmarketable inventory to its estimated net realisable value. The inventory provision is estimated based on multiple factors, including assumptions about expected future demand and market conditions, current sales orders, the estimated costs to be incurred to sale, and the expiry dates of inventories.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 15. INVENTORIES (CONTINUED)

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.

During the six months ended 30 June 2023, the Group has written off certain scrapped or expired inventories which have been provided for before, in the amount of RMB99,796,000.

## 16. CASH AND CASH EQUIVALENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cash and cash equivalents	1,264,455	1,607,409
Time deposits and restricted cash	19,653	19,243
Pledged deposits	238,764	229,861
	<b>1,522,872</b>	1,856,513
Less:		
Time deposits with original maturity more than three months	(2,943)	(2,943)
Restricted cash*	(16,710)	(16,300)
Pledged for short-term bank loans	(108,700)	(104,500)
Pledged for banking facilities	(130,064)	(125,361)
	<b>1,264,455</b>	1,607,409
Denominated in:		
RMB	747,122	579,298
USD	332,480	195,007
AUD	13,922	13,732
HKD	150,752	811,306
GBP	20,178	8,065
EUR	1	1
Cash and cash equivalents	<b>1,264,455</b>	1,607,409

\* The restricted cash at 30 June 2023 and 31 December 2022 included government funding received by Sichuan Clover Biopharmaceuticals, Inc. ("Clover Sichuan"), the withdrawal of which is subject to the approval of the government authority. The restricted cash at 30 June 2023 also included credit card deposits and payment deposits, which could not be freely withdrawn.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 16. CASH AND CASH EQUIVALENTS (CONTINUED)

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for periods between three months and two years depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 17. 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 RMB'000 (Unaudited)	31 December 2022 RMB'000 (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.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 18. CONTRACT LIABILITIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Advances from customers	1,605,285	1,555,297

Contract liabilities represented the advances received from the Global Alliance for Vaccines and Immunization (“GAVI”) to deliver the Company’s SCB-2019 (CpG 1018/Alum) vaccines (the “Vaccines”). In June 2021, the Company and GAVI entered into the Advance Purchase Agreement (“APA”), pursuant to which GAVI agreed to procure (i) 64 million doses of Vaccines, and (ii) up to 350 million doses of Vaccines pursuant to the options stated therein. The advances could be used to fund non-refundable payments to the Group’s suppliers to secure for procurement of raw materials and services required to manufacture any of the firm order commitment and/or the additional doses. On 15 September 2022, the Company and GAVI entered into and signed an amendment to the APA (the “amended APA”), pursuant to which the Company and GAVI agreed to convert the initial firm order commitment into an option to procure 64 million doses of Vaccines over an extended period from 1 January 2023 to 31 December 2026, and to cancel the original purchase option of up to 350 million doses. GAVI has not exercised its option to purchase the Vaccines under the amended APA during the period ended 30 June 2023. As at 30 June 2023, advances from GAVI amounting to USD224,000,000, equivalent to RMB1,605,285,000, was accounted for as contract liabilities in the consolidated statement of financial position.

## 19. DEFERRED INCOME

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 19. DEFERRED INCOME (CONTINUED)

- (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.

## 19. DEFERRED INCOME (CONTINUED)

(a) (Continued)

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 20. SHARE CAPITAL AND TREASURY SHARES

The Company was incorporated on 31 October 2018 under the laws of the Cayman Islands as an exempted company with authorised share capital of US\$50,000 divided into 500,000,000 ordinary shares of a par value of US\$0.0001 each. The Company became the holding company of the Group on 16 March 2021 upon the completion of the Reorganisation.

Pursuant to the special resolution passed by the then shareholders of the Company on 26 September 2021, the authorised share capital of the Company has been increased from USD50,000 divided into 500,000,000 ordinary shares to USD200,000 divided into 2,000,000,000 ordinary shares with a par value of USD0.0001 each.

Issued and fully paid:

	Number of shares in issue	Share capital USD'000	RMB equivalent RMB'000
Ordinary shares of USD0.0001 each			
As at 30 June 2023 (unaudited)	1,294,002,733	129	836
As at 31 December 2022 (audited)	1,292,635,233	129	835

## 20. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

A summary of movements in the Company's issued share capital is as follows:

	Notes	Number of shares in issue	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2022 (audited)		1,158,114,723	742	(49)	7,971,649	7,972,342
Vest of restricted share units		–	–	13	102,569	102,582
Exercise of share options		6,520,510	4	–	40,305	40,309
Issue of shares		128,000,000	89	–	452,856	452,945
Share issue expenses		–	–	–	(4,969)	(4,969)
At 31 December 2022 and 1 January 2023 (audited)		1,292,635,233	835	(36)	8,562,410	8,563,209
Vest of restricted share units	(a)	–	–	4	20,197	20,201
Exercise of share options	(b)	1,367,500	1	–	6,083	6,084
Share issue expenses		–	–	–	(54)	(54)
At 30 June 2023 (unaudited)		<b>1,294,002,733</b>	<b>836</b>	<b>(32)</b>	<b>8,588,636</b>	<b>8,589,440</b>

Notes:

- (a) During the six months ended 30 June 2023, 5,013,534 restricted share units were vested resulting in RMB4,000 and RMB20,197,000 transferred from the share-based compensation reserve to treasury shares and share premium, respectively.
- (b) During the six months ended 30 June 2023, 1,367,500 share options were exercised at the exercise price of USD0.001 per share (note 21) for a total cash consideration of RMB10,000. RMB6,083,000 was transferred from the share-based compensation reserve to share premium upon the exercise of the share options.



## 21. SHARE-BASED COMPENSATION

The Company operates share-based compensation schemes including the restricted share unit scheme (the “**RSU Scheme**”), the Pre-IPO share option plan (the “**Pre-IPO Plan**”) and the Post-IPO share option plan (the “**Post-IPO Plan**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the RSU Scheme, the Pre-IPO Plan and the Post-IPO Plan include the Company’s directors, the Group’s employees and non-employee consultants.

The RSU Scheme and the Pre-IPO Plan became effective in April 2021 when the board of directors of the Company approved the RSU Scheme and the Pre-IPO Plan. The maximum aggregate number of shares that may be issued under the RSU Scheme and the Pre-IPO Plan is 77,350,000 and 25,947,096 (taking into account the Capitalisation Issue) ordinary shares of the Company, respectively. The Post-IPO Plan was adopted by the Company on 26 September 2021, effective from the date when the Company got listed (“**Listing Date**”). The board of directors of the Company resolved that at the time of adoption of the Post-IPO Plan or any new share option scheme (the “**New Scheme**”), the aggregate number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Plan, the New Scheme and all schemes existing at such time (the “**Existing Schemes**”) of the Company must not in aggregate exceed 10% of the total number of shares in issue as of the date that the shares commenced trading on the Stock Exchange or the date of adoption of the New Scheme (as the case may be).

### Share options

In 2021, the Company granted 3,095,430 (without taking into account the effect of the Capitalisation Issue) options under the Pre-IPO Plan to 138 employees. The vesting schedule of the options granted would be subject to both a listing-based vesting condition (the “**IPO Condition**”) and a service-based vesting condition (the “**Service Condition**”). The IPO Condition would be satisfied the day after the first-half anniversary of the Listing Date. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied over a 4-year term.

In 2022, the Company granted 40,426,500 options to 9 directors and 205 employees under the Post-IPO Plan. The vesting schedule of the options granted would be subject to a service-based vesting condition, which would be satisfied over a 1-year or 4-year term.

In April 2023, the Company granted 2,037,000 options to 7 directors and 16,813,500 options to 157 employees under the Post-IPO Plan, respectively. The vesting schedule of the options granted would be subject to a service-based vesting condition and performance condition which would be satisfied over a 1-year or 4-year term. The performance condition is required to be satisfied by the mid-year performance check-in and the annual performance evaluation. The options granted to employees are accounted for as equity awards and measured at their grant date fair values.

## 21. SHARE-BASED COMPENSATION (CONTINUED)

### Share options (Continued)

The following share options were outstanding under the Pre-IPO Plan and the Post-IPO Plan during the six months ended 30 June 2023:

	Number of share options	Weighted average exercise price per share option USD
At 1 January 2023 (audited)	42,324,181	0.5367
Granted during the period	18,850,500	0.2322
Forfeited during the period	(4,181,522)	0.1106
Exercised during the period	(1,367,500)	0.0010
At 30 June 2023 (unaudited)	<b>55,625,659</b>	<b>0.4787</b>

The exercise prices and exercise periods of the share options outstanding under the Pre-IPO Plan and the Post-IPO Plan as at 30 June 2023 are as follows:

Number of options	Exercise price	Exercise period
5,710,413	USD0.001	2022-2031
11,326,000	HKD7.300	2022-2032
14,631,746	HKD4.116	2022-2032
695,000	HKD3.894	2022-2032
5,204,000	HKD3.830	2022-2032
18,058,500	HKD1.820	2023-2033
<b>55,625,659</b>		

The fair value of equity-settled share options granted to directors and employees was estimated as at the date of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options. The following table lists the key assumptions that the model used.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 21. SHARE-BASED COMPENSATION (CONTINUED)

### Share options (Continued)

	Six months ended 30 June 2023
Expected dividend yield (%)	0%
Expected volatility (%)	63.32%
Risk-free interest rate (%)	2.86%

The fair value of the share options granted to the directors and employees in the six months ended 30 June 2023 under the Post-IPO Plan were RMB16,275,000. The Group recognised share-based compensation expenses of RMB15,125,000 for the six months ended 30 June 2023 in relation to the share options.

As at 30 June 2023, the Company had 55,625,659 share options outstanding under the Pre-IPO Plan and the Post-IPO Plan. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 55,625,659 additional ordinary shares of the Company and additional share capital of RMB39,000.

The fair value of share options which were yet to be exercised was included in share-based compensation reserve. The amount will either be transferred to the share premium account when the related options are exercised or be reversed should the related options be forfeited.

### Restricted share units

In 2021, the Company granted 6,400,224 and 261,474 (without taking into account the effect of the Capitalisation Issue) restricted share units under the RSU Scheme to 56 employees and 11 non-employee consultants, respectively. 80,070 restricted share units were forfeited during the year of 2021. The vesting schedule of the restricted share units granted would be subject to both the IPO Condition and the Service Condition. The IPO Condition would be satisfied the day after the first-half anniversary of the Listing Date. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied over a 4-year term. The restricted share units granted to employees and non-employee consultants are accounted for as equity awards. The restricted share units granted to employees are measured at their grant date fair values, and the restricted share units granted to non-employee consultants are measured at the fair values of the equity at the dates on which the services are rendered.

## 21. SHARE-BASED COMPENSATION (CONTINUED)

### Restricted share units (Continued)

In 2022, the Company granted 10,651,000 restricted share units under the RSU Scheme to 135 employees without consideration. The vesting schedule of the restricted share units granted would be subject to a service-based vesting condition, satisfied over a 1-year term or 4-year term. The restricted share units granted to employees are accounted for as equity awards and are determined using the closing price of listed shares of the Company as at the grant dates. In 2022, 21,623,118 restricted share units have been vested and 11,387,781 restricted share units have been forfeited under the RSU Scheme. As at 31 December 2022, the Company had 23,711,497 restricted share units outstanding under the RSU Scheme.

During the six months ended 30 June 2023, the Company granted 4,988,000 restricted share units under the RSU Scheme to 105 employees without consideration. The vesting schedule of the restricted share units granted would be subject to a service-based vesting condition and performance condition, satisfied over a 1-year term or 4-year term. The restricted share units granted to employees are accounted for as equity awards and are determined using the closing price of listed shares of the Company as at the grant dates. During the six months ended 30 June 2023, 5,013,534 restricted share units have been vested and 3,429,004 restricted share units have been forfeited under the RSU Scheme. As at 30 June 2023, the Company had 20,256,959 restricted share units outstanding under the RSU Scheme.

The Group recognised share-based compensation expenses of RMB8,719,000 in relation to restricted share units for the six months ended 30 June 2023.

## 22. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	13,937	18,696
Intangible assets	2,306	3,366
	16,243	22,062

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 23. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

The directors of the Group are of the view that the following parties are related parties that had transactions or balances with the Group during the period.

Name of related parties	Relationship with the Group
Chengdu Tianhe Conventional Chinese and Medicine Technology Nurture Co., Ltd. (“Chengdu Tianhe”)	An entity that controls a major shareholder of the Company
GenHunter Corporation	An entity controlled by the Company’s chairman of the board of directors

### (b) Transactions with related parties

	For the six months ended 30 June	
	2023 RMB’000 (Unaudited)	2022 RMB’000 (Unaudited)
Office lease and utility fees: Chengdu Tianhe (i)	1,977	1,921
Purchase of services: GenHunter Corporation	–	8

Note:

- (i) The Group entered into a set of property leasing agreements with Chengdu Tianhe, and accordingly recognised lease liabilities of RMB5,984,000 as at 30 June 2023 (31 December 2022: RMB7,962,000).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 23. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Outstanding balances with related parties

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amount due from a related party:		
Chengdu Tianhe	215	215

All above the balances are unsecured and interest-free.

### (d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	26,711	31,833
Share-based compensation expenses	17,882	29,828
Post-employment benefits	3,162	2,907
<b>Total compensation paid to key management personnel</b>	<b>47,755</b>	<b>64,568</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to the fair values, are as follows:

	Carrying amounts		Fair Values	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:	14,452	13,929	14,452	13,929

Management has assessed that the fair values of cash and cash equivalents, time deposits and restricted deposits, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, interest-bearing bank borrowings and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value

As at 30 June 2023 (unaudited)

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using		Total RMB'000
		Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:	–	14,452	–	14,452

As at 31 December 2022 (audited)

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using		Total RMB'000
		Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:	–	13,929	–	13,929

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

## 25. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events after the end of reporting period.

## 26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 22 August 2023.



## DEFINITIONS

“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” or “Board of Directors”	the board of directors of our Company
“Business Day”	a day banks in Hong Kong are generally open for normal banking business to the public and is not a Saturday, Sunday or public holiday in Hong Kong
“CDMO(s)”	Contract Development Manufacturing Organization, a company that mainly provides CMC, drug development and drug manufacturing services in the pharmaceutical industry
“CEPI”	Coalition for Epidemic Preparedness Innovations, a foundation that takes donations from public, private, philanthropic, and civil society organisations, to finance independent research projects to develop vaccines against emerging infectious diseases
“Changxing Facility”	in-house commercialization ready biologics manufacturing plant in Changxing, Zhejiang province, China
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
“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
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “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 person”	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 interim report, our Core Products refer to SCB-2019 (CpG 1018/Alum) and SCB-808

## DEFINITIONS

“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
“CTA”	clinical trial application
“Director(s)”	the director(s) of the Company
“DML”	Drug Manufacturing License
“Dr. Liang”	Dr. LIANG Peng, the founder, an executive Director, the chairman of the Board of our Company and a member of our single largest group of Shareholders
“EUA”	emergency use authorization
“Global Offering”	the Hong Kong Public Offering and the International Offering
“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” or “HK\$”	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
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China
“Inside Information”	has the meaning ascribed thereto under the SFO

## DEFINITIONS

“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
“Latest Practicable Date”	September 8, 2023, being the latest practicable date prior to the printing of this purpose of ascertaining the information contained herein
“Listing” or “IPO”	the listing of our Shares on the Stock Exchange
“Listing Date”	November 5, 2021, the date on which dealings in our Shares first commence 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
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Joshua Liang”	Mr. LIANG Joshua G, an executive Director, the chief executive officer of our Company and a member of our single largest group of Shareholders
“Nomination Committee”	the nomination committee of the Board
“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

## DEFINITIONS

“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
“Post-IPO Share Option Plan”	the post-IPO share option scheme adopted by our Company on September 26, 2021, effective from the Listing Date, as amended from time to time
“Pre-IPO Share Option Plan”	the pre-IPO share option plan adopted by our Company on April 15, 2021, as amended from time to time
“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
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the six months ended June 30, 2023
“RSU Scheme”	the restricted share units scheme adopted by our Company on April 15, 2021, as amended from time to time
“RSV”	Respiratory Syncytial Virus
“S-Trimer”	a stabilized trimeric form of the spike protein
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	shares in the share capital of our Company, with a nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“WHO”	World Health Organization, a specialized agency of the United Nations responsible for international public health