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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2197)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2024, together with the comparative figures for the corresponding period in 2023. The interim results have been reviewed by the Audit Committee.

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

FINANCIAL HIGHLIGHTS

	As of June 30, 2024 ***RMB'000*** **(Unaudited)**	As of December 31, 2023 *RMB'000* (Audited)
Cash and bank balances	**829,761**	1,095,470

	Six months ended June 30,	
	2024 ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited)
Revenue	**(10,100)**	257
Other income and gains	**67,148**	2,510,809
Selling and distribution expenses	**(6,684)**	(22,511)
Administrative expenses	**(42,075)**	(109,468)
Research and development expenses	**(98,297)**	(385,603)
Other expenses	**(2,540)**	(1,330,909)
(Loss)/Profit for the period	**(95,123)**	650,624
Adjusted (loss)/profit for the period*	**(87,259)**	674,468

* Adjusted (loss)/profit for the period is not defined under the IFRSs. It represents the (loss)/profit 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 RMB265.7 million from RMB1,095.5 million as of December 31, 2023 to RMB829.8 million as of June 30, 2024, primarily due to the net cash outflow resulted from daily operation and bank loan repayment.

For the six months ended June 30, 2024, a negative revenue of approximately RMB10.1 million was recorded due to sales return of AdimFlu-S (QIS) recognized in the Reporting Period.

Other income and gains decreased by RMB2,443.7 million from RMB2,510.8 million for the six months ended June 30, 2023 to RMB67.1 million for the six months ended June 30, 2024, mainly because of the funding received from CEPI substantially recognized in other income in 2023 which is not recurring in this Reporting Period, partially offset by a partial waiver of trade payables recognized in other income and gains and the increase in government grants and bank interest income.

Selling and distribution expenses decreased by RMB15.8 million from RMB22.5 million for the six months ended June 30, 2023 to RMB6.7 million for the six months ended June 30, 2024, primarily attributable to reduced salaries and benefits for commercial team as a result of a streamlined commercial workforce and market development expenses deducted in this Reporting Period because of relevant sales return of AdimFlu-S (QIS).

Administrative expenses decreased by RMB67.4 million, or approximately 62%, from RMB109.5 million for the six months ended June 30, 2023 to RMB42.1 million for the six months ended June 30, 2024, primarily due to the headcount reductions as part of the streamlining measures of the organization and other administrative cost-saving measures.

R&D expenses decreased by RMB287.3 million, or approximately 75%, from RMB385.6 million for the six months ended June 30, 2023 to RMB98.3 million for the six months ended June 30, 2024, as SCB-2019 (CpG 1018/Alum) related R&D (clinical, CMC and regulatory) activities were completed and the Group continues to streamline its corporate operations and prioritize respiratory vaccine products.

Other expenses decreased by RMB1,328.4 million from RMB1,330.9 million for the six months ended June 30, 2023 to RMB2.5 million for the six months ended June 30, 2024, primarily due to the impairment provision of COVID-19 vaccine related inventories recognized in 2023 but not in this Reporting Period.

The Group recorded a loss of RMB95.1 million for the six months ended June 30, 2024, as compared with a profit of RMB650.6 million for the six months ended June 30, 2023, primarily due to the combined effect of the recognized other income of funding from CEPI and the provision for inventory impairment recorded in the corresponding period in 2023, both are non-recurring in this Reporting Period.

Non-IFRS Measures:

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

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

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	**(95,123)**	650,624
Added:		
Share-based compensation expenses	**7,864**	23,844
Adjusted (loss)/profit for the period	**(87,259)**	674,468

BUSINESS HIGHLIGHTS

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

Our Products and Candidates

Respiratory Syncytial Virus (RSV) Vaccine

- The Company is the first Chinese vaccine corporate with an in-house developed prefusion F (PreF) bivalent RSV vaccine candidate entering into clinical trial stage.

- In December 2023, the Company announced that the enrolment of the first participants had been completed in a Phase I first-in-human study evaluating the Company's RSV prefusion F (PreF)-Trimer subunit vaccine candidate (SCB-1019), which is based on the Company's Trimer-Tag vaccine technology platform and in-house proprietary stabilization mutations.

- In April and June 2024, the Company announced two preliminary phase I results in the young adult cohort (aged 18-59) and older adult and elderly cohort (aged 60-85) which demonstrated the positive preliminary immunogenicity and safety data.

AdimFlu-S (QIS)

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

- At the end of July 2024, the Company completed the batch release of AdimFlu-S from National Institutes for Food and Drug Control (NIFDC), allowing us to improve market access and distribution ahead of the fall and winter vaccination campaign in mainland China.

SCB-219M

- SCB-219M is a fusion protein (TPO-mimetic bispecific-Fc) targeted to treat chemo-induced thrombocytopenia (CIT).

- The Company is actively looking for Business Development (BD) opportunities for SCB-219M while we are evaluating a potential Phase I b trial in CIT patients before the end of 2024.

COVID-19 Vaccine

- The emergency use authorization (EUA) of our COVID-19 vaccine issued in December 2022 remains active.

- Since July 15 2024, the commercialization of COVID-19 vaccines in mainland China has transitioned from the public market to the private market.

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 research and development, 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) and is being leveraged for the development of RSV vaccine candidate SCB-1019, 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. Particularly, the Company's bivalent RSV prefusion-stabilized F (PreF)-Trimer subunit vaccine candidate SCB-1019 demonstrated encouraging preliminary immunogenicity and safety data from phase I in the young (aged 18-59) and older (aged ≥60) adults. The Company will continue to develop our RSV vaccine candidate as it is a potential best-in-field and differentiated RSV vaccine globally in a large market that achieved blockbuster status in its first season of launch in the second half of 2023. Current untapped global market opportunities for RSV vaccines where SCB-1019 could be differentiated and positioned to address include re-vaccination in older adults (aged ≥60 years), vaccination in young children (aged 2-5 years), and development as a combination respiratory vaccine. Meanwhile, the Company also continues to strategically position our respiratory vaccine portfolio by improving our domestic commercialization capabilities in mainland China, having managed to successfully complete batch release and commercial launch of AdimFlu-S (seasonal influenza vaccine) before the end of July in 2024 (compared to mid-September in 2023), allowing us to improve market access and distribution ahead of the fall and winter vaccination campaign.

PRODUCT PIPELINE

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

(1) Clover entered into an exclusive agreement with Adimmuneto commercialize AdimFlu-S (QIS) in mainland China in February 2023. (2) COVID-19 vaccine received EUA in China in December 2022. (3) Interim Phase 1 data anticipated in Q4-2023. (4) Oncology product candidate for the treatment of malignant ascites (MA), malignant pleural effusions (MPE), and peritoneal carcinomatosis (PC) to address global unmet medical need of intracavitary malignancies. Five Phase 1 trials completed in China and Australia. Continued internal development of SCB-313 has been paused and pending further assessment of development strategy and resource allocation.

BUSINESS REVIEW

Our Products and Candidates

The Company 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.

RSV Vaccine Candidate

SCB-1019 is the Company's bivalent RSV vaccine candidate based on prefusion-stabilized F (PreF) protein leveraging the validated Trimer-Tag platform.

The Company initiated the phase I clinical trial in Australia in Dec 2023 which is a randomized, placebo-controlled study to assess the safety, reactogenicity and immunogenicity of SCB-1019 at multiple dose levels and in different formulations in young and older adults.

In the middle of June 2024, the Company announced the positive preliminary immunogenicity and safety data in the older adult and elderly cohort from Phase I trial evaluating SCB-1019. There were 48 subjects enrolled in the older adult and elderly cohort and received either SCB-1019 or saline placebo. These preliminary results in the older adult and elderly cohort (aged 60-85) are consistent with the positive results in the young adult cohort (aged 18-59) announced earlier this year.

- RSV-A nAbs: SCB-1019 induced geometric mean titers (GMTs) in RSV-A nAbs of up to 7,906 IU/mL compared to 1,078 IU/mL for placebo at Day 28.

- RSV-B nAbs: SCB-1019 induced geometric mean titers (GMTs) in RSV-B nAbs of up to 46,674 IU/mL compared to 12,185 IU/mL for placebo at Day 28.

- The results of both RSV-A nAbs and RSV-B nAbs that SCB-1019 targets appear to be in-line or potentially favourable compared to other protein subunit RSV PreF vaccines[1, 2, 3] and continue to be supportive of Clover's bivalent RSV-A/B approach, given that other monovalent RSV-A vaccines have previously observed lower immune responses and/or efficacy against RSV-B[1, 4, 5].

- The results further confirm that Clover's PreF antigens in SCB-1019 are in the stabilized prefusion and trimeric form, additionally supported by exploratory immunogenicity results demonstrating significant increases in Site Ø and Site V nAb-competitive titers.

1. Icosavax Company Presentations (28-JUN-2022 & 22-MAY-2023) and Press Release (12-DEC-2023)
2. NIH DS-Cav1 (DOI: 10.1016/S2213-2600(21)00098-9)
3. Pfizer (DOI: 10.1093/infdis/jiab612)
4. GSK ACIP Presentation (21-JUN-2023)
5. Moderna ACIP Presentation (29-FEB-2024)

- SCB-1019 was generally well-tolerated. Local and systemic adverse events (AEs) were generally mild for SCB-1019 and were comparable to saline placebo.

- No serious adverse events (SAEs), adverse events of special interest (AESIs), or AEs leading to discontinuation were observed.

- The results indicated that SCB-1019 could potentially have a differentiated and favourable safety & reactogenicity profile compared to currently-approved oil-in-water adjuvanted[4] and/or mRNA[5]-based RSV vaccines.

Full safety and immunogenicity results in the Phase I clinical trial of SCB-1019 are expected by the end of 2024 to support further development and strengthen our potentially differentiated profile for markets globally.

AdimFlu-S

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

At the end of July 2024, the Company completed the batch release of AdimFlu-S from National Institutes for Food and Drug Control (NIFDC), allowing us to improve market access and distribution ahead of the fall and winter vaccination campaign in mainland China. We believe AdimFlu-S has contributed to the strategic positioning of our respiratory vaccine portfolio, as we believe there are significant development and commercial synergies across respiratory vaccines, including our RSV vaccine candidate.

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.

- In December 2023, the Company announced positive preliminary safety, efficacy and pharmacokinetics data in a Phase I clinical trial evaluating SCB-219M.

- We are actively looking for Business Development (BD) opportunities for SCB-219M while we are evaluating a potential Phase I b trial in CIT patients before the end of 2024.

4. GSK ACIP Presentation (21-JUN-2023)
5. Moderna ACIP Presentation (29-FEB-2024)

COVID-19 Vaccine

- Since July 15 2024, the commercialization of COVID-19 vaccines in mainland China has transitioned from the public market to the private market.

- The emergency use authorization (EUA) of our COVID-19 vaccine issued in December 2022 remains active. Pending potential updated guidance from China NMPA regarding regulatory approval (BLA) pathways for COVID-19 vaccine platforms and future strain changes, we will continue to evaluate the potential endemic market opportunity for COVID-19 vaccines in the future and plan our resources prudently.

R&D

As a 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, 2024, the Company's in-house R&D activities were supported by 124 employees across regions.

Manufacturing

During the Reporting Period, the Company maintained its established commercial vaccine manufacturing capabilities at its in-house manufacturing facility in Changxing, Zhejiang province. The facility has achieved commercial GMP status in China and received a vaccine Drug Manufacturing License (DML) from the China NMPA, representing potential advantages compared to other domestic manufacturers utilizing new manufacturing sites.

This in-house manufacturing site has a proven commercial scale production track record and will be valuable to the development of the Company's other product candidates, including RSV vaccine candidate SCB-1019.

Other Key Corporate Developments

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

Future Outlook

Since 2023, the Company has determined to build a leading respiratory vaccine franchise across the globe, based our validated Trimer-Tag platform, while the economic environment and the capital market have remained being very challenging. Based on our positive preliminary Phase I clinical trial results, we continue to prioritize resources to advance the development of our proprietary bivalent PreF RSV vaccine candidate and look forward to full Phase I clinical trial results by the end of 2024 to support further development and strengthen our potentially differentiated profile for markets globally.

In terms of corporate governance, the Company will keep taking significant measures towards corporate financial sustainability by improving operating efficiency and maintaining a resilient cash position to support future success.

FINANCIAL REVIEW

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
REVENUE	**(10,100)**	257
Cost of sales	**1,767**	(202)
Gross (loss)/profit	**(8,333)**	55
Other income and gains	**67,148**	2,510,809
Selling and distribution expenses	**(6,684)**	(22,511)
Administrative expenses	**(42,075)**	(109,468)
Research and development expenses	**(98,297)**	(385,603)
Other expenses	**(2,540)**	(1,330,909)
Finance costs	**(4,342)**	(11,749)
(LOSS)/PROFIT BEFORE TAX	**(95,123)**	650,624
Income tax expense	**–**	–
(LOSS)/PROFIT FOR THE PERIOD	**(95,123)**	650,624
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**33,043**	194,901
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**33,043**	194,901
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(45,731)**	(173,688)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(45,731)**	(173,688)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(12,688)**	21,213
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(107,811)**	671,837
Non-IFRS Measures		
Adjusted (loss)/profit for the period	**(87,259)**	674,468

Revenue

At the end of each reporting period, the Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognised for those products expected to be returned. The estimation of sales return requires the use of judgment and estimates. Where the actual return rate is different from the original estimate, such a difference will be trued up in subsequent periods.

For the six months ended June 30, 2024, the Group recorded a negative revenue of approximately RMB10.1 million due to sales return of AdimFlu-S (QIS) recognized in the Reporting Period.

When estimating the sales return of the seasonal influenza vaccine that the Company distributes in Chinese Mainland, the Company considers all relevant factors including but not limited to the epidemiology data and market trends from prior years, the development trend of the epidemic in the current period as well as the most updated information about market demand based on the Company's research.

It was noted that there was an increase in influenza vaccination caused by the influenza epidemic at the end of 2022 and the influenza outbreak in the spring of 2023, since a significant influenza outbreak also occurred around the end of 2023, the Company anticipated that another influenza epidemic might break out in the spring of 2024 which would lead to an increase in demand for influenza vaccination. The Company also considered the inventory situation of its influenza vaccines in different districts and counties in early 2024 and that there was no actual sales return during the first quarter of 2024. However, no significant influenza outbreaks ultimately occurred during the first half of 2024, resulting in the actual return rate being higher than the initial estimate as at the end of 2023 and causing a negative impact on revenue recognised for the six months ended 30 June 2024.

Other Income and Gains

The Group's other income and gains primarily consist of government grants, bank interest income and waiver of trade payables.

For the six months ended June 30, 2024, other income and gains decreased by RMB2,443.7 million from RMB2,510.8 million for the six months ended June 30, 2023 to RMB67.1 million. This decrease was mainly because the funding from CEPI in the amount of RMB2,494.1 million was recognized in the first half of 2023 but not recurring in this Reporting Period, the effect of which is partially offset by a partial waiver of trade payables recognized in other income and gains and the increase in government grants and bank interest income.

In June 2024, the Group entered into a settlement agreement with one of its vendors, pursuant to which the vendor waived partial of the Group's payables under the service agreement between the two parties as an incentive for the Group to settle the amount due to the vendor. This waiver of debt is recognized in other income and gains, as all contractual obligations under the service agreement have been fulfilled by the vendor, and no additional services or goods are to be exchanged for the waived liability.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of salaries and benefits for commercial team and market development expenses.

For the six months ended June 30, 2024, selling and distribution expenses decreased by RMB15.8 million from RMB22.5 million for the six months ended June 30, 2023 to RMB6.7 million. This decrease was primarily due to reduced salaries and benefits for commercial team as a result of a streamlined commercial workforce with higher efficiency to support the commercialization of the Company's respiratory vaccine products and market development expenses deducted in this Reporting Period because of relevant sales return of AdimFlu-S (QIS).

Administrative Expenses

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

For the six months ended June 30, 2024, administrative expenses decreased by RMB67.4 million, or approximately 62%, from RMB109.5 million for the six months ended June 30, 2023 to RMB42.1 million. This reduction was primarily attributable to the decrease in employee salaries and benefits, due to the further headcount reductions in general and administrative functions to streamline the organization. In addition, consulting fees and depreciation and amortization expenses decreased, as a result of enhanced operational efficiency and cost-saving measures.

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Employee salaries and benefits	**26,918**	67,634
– Share-based compensation expenses	***8,510***	*11,531*
Consulting fees	**6,002**	13,244
Depreciation and amortization	**4,589**	14,638
Office expenses	**1,231**	4,620
Others	**3,335**	9,332
Total	**42,075**	109,468

Research and Development Expenses

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

For the six months ended June 30, 2024, R&D expenses decreased by RMB287.3 million, or 75%, from RMB385.6 million for the six months ended June 30, 2023 to RMB98.3 million. The decrease was primarily attributable to (i) a significant decrease in CDMO service fees, raw materials and consumables used and clinical trial expenses, as SCB-2019 (CpG 1018/ Alum) related R&D (clinical, CMC and regulatory) activities were 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,	
	2024	2023
	RMB'000	*RMB'000*
Employee salaries and benefits	**56,502**	152,842
– Share-based compensation expenses	***(1,154)***	*7,941*
Clinical trial expenses	**8,603**	99,240
R&D consultation and service fees	**2,160**	44,633
Costs of raw materials and consumables	**3,939**	43,391
Depreciation and amortization	**16,698**	13,823
Others	**10,395**	31,674
Total	**98,297**	385,603

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, 2024, other expenses decreased by RMB1,328.4 million from RMB1,330.9 million for the six months ended June 30, 2023 to RMB2.5 million, primarily due to the impairment provision of RMB1,236.7 million of COVID-19 vaccine related inventories recognized in 2023 but not in this Reporting Period. In addition, net foreign exchange loss decreased due to foreign exchange rate activity.

Finance Costs

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

For the six months ended June 30, 2024, finance costs decreased by RMB7.4 million from RMB11.7 million for the six months ended June 30, 2023 to RMB4.3 million, primarily due to the decrease in interest expenses on bank loans.

(Loss)/Profit for the Period

As a result of the above, the Group recorded a loss of RMB95.1 million for the six months ended June 30, 2024, as compared with a 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 (loss)/profit 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 (loss)/profit for the period represents the (loss)/profit 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 (loss)/profit for the period to the adjusted (loss)/profit for the period during the periods indicated:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	**(95,123)**	650,624
Added:		
Share-based compensation expenses	**7,864**	23,844
Adjusted (loss)/profit for the period	**(87,259)**	674,468

Selected Data from Interim Condensed Consolidated Statement of Financial Position

	As of June 30, 2024 ***RMB'000*** **(Unaudited)**	As of December 31, 2023 *RMB'000* (Audited)
Total current assets	**1,614,337**	1,899,519
Total non-current assets	**182,934**	201,915
Total Assets	**1,797,271**	2,101,434
Total current liabilities	**2,073,246**	2,277,003
Total non-current liabilities	**556,800**	557,264
Total liabilities	**2,630,046**	2,834,267
Net current liabilities	**(458,909)**	(377,484)

Liquidity and Source of Funding and Borrowings

As of June 30, 2024, the Group's cash and bank balances, including cash and cash equivalents, time deposits, restricted cash and pledged deposits, decreased by RMB265.7 million from RMB1,095.5 million as of December 31, 2023 to RMB829.8 million, which was primarily due to the net cash outflow during the Reporting Period resulted from daily operation and bank loan repayment. The Group can maintain a sufficient cash flow through optimizing operating expenses and enhancing revenue streams.

As of June 30, 2024, the current assets of the Group totaled RMB1,614.3 million, including cash and cash equivalents, time deposits, restricted cash and pledged deposits of RMB829.8 million, prepayments, other receivables and other assets of RMB73.6 million, inventories of RMB696.7 million and financial assets at fair value through profit or loss of RMB14.2 million.

As of June 30, 2024, the current liabilities of the Group were RMB2,073.2 million, including contract liabilities of RMB1,589.1 million, trade payables of RMB181.2 million, other payables and accruals of RMB77.9 million, lease liabilities of RMB12.1 million and interest-bearing bank borrowings of RMB212.9 million.

As of June 30, 2024, the Group had short-term bank loans of RMB212.9 million, bearing fixed interest rates ranging from 2.4% to 6.4805% per annum.

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, 2024, 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, 2024.

Future Plans for Material Investments or Capital Assets

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

Contingent Liabilities

As of June 30, 2024, 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, 2024, 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, 2024 were RMB13.9 million, reflecting a decrease of RMB2.2 million from RMB16.1 million as of December 31, 2023, primarily attributable to the decrease in our future payments in relation to the intangible assets.

Pledge of Assets

As of June 30, 2024, the Group had a total of RMB347.2 million of time deposits pledged under our credit arrangements with banks.

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, 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, 2024, the Group had 323 employees. The total remuneration cost incurred by the Group for the six months ended June 30, 2024 was RMB94.1 million. The following table sets forth the details of our employees by function as of June 30, 2024:

Function	**Number of employee**	**% of total**
R&D	124	38.4%
Manufacturing and CMC	109	33.7%
General and Administrative	48	14.9%
Selling and Marketing	42	13.0%
Total	323	100%

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

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

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

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**(10,100)**	257
Cost of sales	*6*	**1,767**	(202)
Gross (loss)/profit		**(8,333)**	55
Other income and gains	*5*	**67,148**	2,510,809
Selling and distribution expenses		**(6,684)**	(22,511)
Administrative expenses		**(42,075)**	(109,468)
Research and development expenses		**(98,297)**	(385,603)
Other expenses		**(2,540)**	(1,330,909)
Finance costs		**(4,342)**	(11,749)
(LOSS)/PROFIT BEFORE TAX	*6*	**(95,123)**	650,624
Income tax expense	*7*	**–**	–
(LOSS)/PROFIT FOR THE PERIOD		**(95,123)**	650,624
Attributable to:			
Owners of the parent		**(95,123)**	650,624
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)	*9*		
Basic		**(0.08)**	0.52
Diluted		**(0.08)**	0.52

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(95,123)**	650,624
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**33,043**	194,901
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**33,043**	194,901
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(45,731)**	(173,688)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(45,731)**	(173,688)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(12,688)**	21,213
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(107,811)**	671,837
Attributable to:		
Owners of the parent	**(107,811)**	671,837

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**135,033**	149,720
Right-of-use assets		**11,156**	12,336
Intangible assets		**36,745**	39,859
Total non-current assets		**182,934**	201,915
CURRENT ASSETS			
Inventories		**696,733**	696,978
Trade receivables	*10*	**4**	24,106
Prepayments, other receivables and other assets		**73,585**	68,800
Financial assets at fair value through profit or loss		**14,254**	14,165
Time deposits and restricted cash		**23,821**	16,228
Pledged deposits		**347,166**	343,378
Cash and cash equivalents		**458,774**	735,864
Total current assets		**1,614,337**	1,899,519
CURRENT LIABILITIES			
Trade payables	*11*	**181,233**	247,829
Other payables and accruals		**77,917**	124,731
Interest-bearing bank borrowings		**212,947**	308,063
Contract liabilities		**1,589,092**	1,577,845
Lease liabilities		**12,057**	18,535
Total current liabilities		**2,073,246**	2,277,003
NET CURRENT LIABILITIES		**(458,909)**	(377,484)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(275,975)**	(175,569)
NON-CURRENT LIABILITIES			
Lease liabilities		**6,096**	7,853
Deferred income	*12*	**42,513**	44,364
Non-current portion of trade payables	*11*	**508,191**	505,047
Total non-current liabilities		**556,800**	557,264
Net liabilities		**(832,775)**	(732,833)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**838**	838
Treasury shares		**(28)**	(30)
Reserves		**(833,585)**	(733,641)
Total deficit		**(832,775)**	(732,833)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

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 2024, the Group had net liabilities of RMB832,775,000 and accumulated losses of RMB9,735,391,000. In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether 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 2024, which include, but not limited to, the following:

(a) The primary cause for the net liabilities as at 30 June 2024 was the significant contract liabilities amounting to RMB1,589,092,000. The Group is not expected to incur any cash outflows in the next twelve months after 30 June 2024 for the contract liabilities;

(b) The Group had cash and cash equivalents of RMB458,774,000; and

(c) The Group had unutilised banking facilities available to the Group that the directors of the Company are confident of them being able to be continuously renewed upon their respective expirations in the foreseeable future based on the Group's past experience and good credit standing.

In light of the available funding and factors as mentioned above, and after taking into account the active measures taken by the Group to control operating costs and contain capital expenditures, the Group has prepared a cash flow forecast for the next twelve months, which indicated that the Group would have sufficient working capital to finance its operations. Hence the directors of the Company are of the opinion that it is appropriate to prepare these consolidated financial statements under the going concern basis.

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 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**(10,100)**	257

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of good		
Vaccines	**(10,100)**	257
Timing of revenue recognition		
Goods transferred at a point in time	**(10,100)**	257

At the end of each reporting period, the Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognised for those products expected to be returned. The estimation of sales return requires the use of judgment and estimates. Where the actual return rate is different from the original estimate, such difference will be trued up in subsequent periods. For the six months ended 30 June 2024, the Group recorded a negative revenue of approximately RMB10.1 million due to sales return of AdimFlu-S (QIS) recognized in the reporting period.

When estimating the sales return of the seasonal influenza vaccine that the Company distributes in Chinese Mainland, the Company considers all relevant factors including but not limited to the epidemiology data and market trends from prior years, the development trend of the epidemic in the current period as well as the most updated information about market demand based on the Company's research.

It was noted that there was an increase in influenza vaccination caused by the influenza epidemic at the end of 2022 and the influenza outbreak in the spring of 2023, since a significant influenza outbreak also occurred around the end of 2023, the Company anticipated that another influenza epidemic might break out in the spring of 2024 which would lead to an increase in demand for influenza vaccination. The Company also considered the inventory situation of its influenza vaccines in different districts and counties in early 2024 and that there was no actual sales return during the first quarter of 2024. However, no significant influenza outbreaks ultimately occurred during the first half of 2024, resulting in the actual return rate being higher than the initial estimate as at the end of 2023 and causing a negative impact on revenue recognised for the six months ended 30 June 2024.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Waiver of trade payables*	**33,952**	–
Government grants**	**14,328**	2,057
Bank interest income	**13,107**	9,818
Gain on disposal of right-of-use assets	**2,109**	–
Funding from Coalition for Epidemic Preparedness Innovations ("**CEPI**")	**–**	2,494,123
Rental income	**1,048**	999
Others	**2,604**	3,812
	67,148	2,510,809

* In June 2024, the Group entered into a settlement agreement with one of its vendors, pursuant to which the vendor waived partial of the Group's payables under the service agreement between the two parties as an incentive for the Group to settle the amount due to the vendor. This waiver of debt is recognized in other income and gains, as all contractual obligations under the service agreement have been fulfilled by the vendor, and no additional services or goods are to be exchanged for the waived liability.

** 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.

6. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**(1,767)**	202
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**25,097**	218,938
Depreciation of property, plant and equipment	**14,866**	14,955
Depreciation of right-of-use assets	**3,214**	10,922
Amortisation of intangible assets	**3,207**	2,584
Lease payments not included in the measurement of lease liabilities	**413**	1,080
Auditor's remuneration	**1,653**	1,580
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**80,237**	205,578
Pension scheme contributions	**6,704**	10,946
Share-based compensation expenses	**7,160**	23,098
Total of employee benefit expenses	**94,101**	239,622
Write-down of inventories to net realisable value*	**1,925**	1,236,704
Foreign exchange differences, net*	**334**	67,614
Severance costs*	**100**	16,746

* Write-down of inventories to net realisable value, foreign exchange differences and severance costs are included in "other expenses" in the consolidated statement of profit or loss.

7. 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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong. The first HKD2,000,000 (2023: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Chinese Mainland

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 Chinese Mainland are subject to CIT at a rate of 25% (2023: 25%) on the taxable income.

Australia

The subsidiary incorporated in Australia is subject to Australia statutory corporate income tax at a rate of 30% (2023: 30%). However, the rate is reduced to 25% (2023: 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% (2023: 21%).

United Kingdom

The subsidiary incorporated in the United Kingdom is subject to corporation income tax on its worldwide profits at 19% (2023: 19%).

Ireland

The subsidiary incorporated in Ireland is subject to Ireland corporate income tax at a rate of 25% (2023: 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 2024 (six months ended 30 June 2023: Nil).

8. DIVIDENDS

No dividends have been declared or paid by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent of RMB(95,123,000) (six months ended 30 June 2023: RMB650,624,000), and the weighted average number of ordinary shares. The weighted average number of shares for the six months ended 30 June 2024 is determined based on 1,251,950,701 shares in issue during the period (six months ended 30 June 2023: 1,240,429,953).

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

As the Group incurred losses during the six months ended 30 June 2024, no adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2024 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 2024 was the same as the basic loss per share amount.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	**(95,123)**	650,624

	Number of shares For the six months ended 30 June	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**1,251,950,701**	1,240,429,953
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	5,687,391
	1,251,950,701	1,246,117,344

10. 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 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**–**	24,104
Over 6 months	**4**	2
Total	**4**	24,106

11. TRADE PAYABLES

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**75,054**	156,119
6 to 12 months	**48,783**	52,815
Over 1 year	**565,587**	543,942
	689,424	752,876
Analysed into:		
Current portion	**181,233**	247,829
Non-current portion	**508,191**	505,047

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 RMB508,191,000) represented the trade payables due to Dynavax Technologies Corporation ("**Dynavax**") for procurement of CpG 1018 adjuvant. During the six months ended 30 June 2024 and the year ended 31 December 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 RMB508,191,000 as of 30 June 2024 and RMB505,047,000 as of 31 December 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.

12. DEFERRED INCOME

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Deferred revenue (a)	**17,414**	17,414
Deferred government grants (b)	**25,099**	26,950
	42,513	44,364

(a) Deferred revenue represented the amount of funding received from CEPI by the end of the reporting period. Sichuan Clover Biopharmaceuticals, Inc. ("**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 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 amendment to the Advance Purchase Agreement (the "**amended APA**") entered into and signed by the Company and the Global Alliance for Vaccines and Immunization ("**GAVI**") in September 2022 as an option arrangement for GAVI to procure 64 million doses of Project Vaccine. The Company has reserved sufficient raw materials and production capacities to meet the requirement of GAVI, should GAVI exercise its options to purchase the Project Vaccine under the amended APA.

The Company assessed that all conditions attached to the CEPI funding of RMB2,540,497,000 (equivalent to USD389,865,000) have been fulfilled in 2023 and the funding was confirmed to be non-refundable, therefore, deferred revenue of RMB2,540,497,000 was recognised in other income in 2023. In 2023, the Group offset a portion of the inventory balance of vials donated by CEPI with the corresponding amount of CEPI's donation recorded in deferred income. The Group has retained a sufficient quantity of vials, amounting to 64 million doses, to meet the requirements of the amended APA with GAVI. The vial donation agreement with CEPI had expired, and in 2023, the Group decided to abandon the remaining vials, excluding those retained for the amended APA with GAVI, due to radical changes of the business and operation needs. As a result, the Group was relieved from both the rights and obligations associated with the vials, including the vial-related donation recorded as deferred income. Therefore, the Group offset the respective CEPI donation recorded as deferred income, amounting to RMB58,787,000, against the inventory balance of abandoned vials.

Based on the foregoing, as at 30 June 2024, the deferred revenue balance of RMB17,414,000 represented the amount of cash funding of RMB11,733,000 received from CEPI on certain work packages pending for CEPI's approval, and certain vials amounting to RMB5,681,000, 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 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At beginning of period/year	**26,950**	27,950
Grants received during the period/year	**–**	–
Amount recognised in profit or loss	**(1,851)**	(1,000)
At end of period/year	**25,099**	26,950

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company during the Reporting Period.

Interim Dividends

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

Compliance with the Corporate Governance Code

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

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

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

Compliance with the Model Code

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

The Company has also established a policy on "Inside Information" to comply with its obligations under the SFO and the Listing Rules.

The Company's relevant employees, who are likely to be in possession of Inside Information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

Review of Interim Results by the Audit Committee

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

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2024 have been reviewed by the Audit Committee. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company during the Reporting Period.

Use of Net Proceeds from the Global Offering

The Shares were listed on the Stock Exchange on November 5, 2021. The net proceeds from the Global Offering amounted to approximately HKD1,884.3 million (equivalent to RMB1,549.0 million).

Reference is made to the announcement of the Company dated August 23, 2023 in relation to the change in use of proceeds from the Global Offering. In order to navigate the current macroeconomic environment and focus on programs that will bring long-term value, on August 22, 2023, the Board has resolved to change the intended use of the unutilized net proceeds from the Global Offering of approximately RMB415.2 million in total as of August 22, 2023.

As of June 30, 2024, approximately RMB1,398.2 million, accounting for 90.3% of the net proceeds from the Global Offering had been utilized in accordance with the use as stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus or the use after change approved on August 22, 2023.

The utilization of the net proceeds from the Global Offering during the six months ended June 30, 2024 and the expected timeline for utilization are as follows:

Use of proceeds after change	**Revised percentage of unutilized net proceeds approved on August 22, 2023**	**Revised allocation of unutilized net proceeds approved on August 22, 2023** *RMB million*	**Unutilized net proceeds as of December 31, 2023** *RMB million*	**Actual usage during the six months ended June 30, 2024** *RMB million*	**Unutilized net proceeds as of June 30, 2024** *RMB million*	**Expected timeline of full utilization of the unused net proceeds**
For the preclinical development and clinical trials of RSV vaccine candidate, SCB-1019	55.0%	228.4	174.9	76.6	98.3	By June 2025
For the R&D of other product candidates, including ≥ 1 mid-to late-stage in-licensed vaccines	22.5%	93.4	75.2	22.7	52.5	By June 2025
For the R&D and regulatory submission for updated version of COVID-19 vaccine including the XBB.1.5 variant	12.5%	51.9	–	–	–	Completed
For working capital and other general corporate purposes	10.0%	41.5	–	–	–	Completed
Total	**100.0%**	**415.2**	**250.1**	**99.3**	**150.8**	

Notes:

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

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

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 (equivalent to RMB449.0 million).

Reference is made to the announcement of the Company dated August 23, 2023 in relation to the change in use of proceeds from the Placing. In order to expand commercialization capabilities to support the commercialization of the Company's respiratory vaccine products including seasonal influenza and COVID-19 vaccines, on August 22, 2023, the Board has resolved to change the intended use of the unutilized net proceeds from the Placing of approximately RMB69.4 million in total as of August 22, 2023.

As of June 30, 2024, approximately RMB416.6 million, accounting for 92.8% of the net proceeds from the Placing had been utilized in accordance with the use as stated in the Placing Agreement or the use after change approved on August 22, 2023.

The utilization of the net proceeds from the Placing during the six months ended June 30, 2024 is as follows:

Use of proceeds after change	Revised percentage of unutilized net proceeds approved on August 22, 2023	Revised allocation of net proceeds approved on August 22, 2023 *RMB million*	Unutilized net proceeds as of December 31, 2023 *RMB million*	Actual usage during the six months ended June 30, 2024 *RMB million*	Unutilized net proceeds as of June 30, 2024 *RMB million*	Expected timeline of full utilization of the unused net proceeds
For expanding commercialization capabilities to support the commercialization of respiratory vaccine products including seasonal influenza and COVID-19 vaccine	100.0%	69.4	50.5	18.1	32.4	By December 2024
Total	**100.0%**	**69.4**	**50.5**	**18.1**	**32.4**	

Notes:

1. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of regulatory approval, commercialization, post-marketing 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.

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

Events After the End of Reporting Period

Save as disclosed in this announcement, no important events affecting the Company occurred subsequent to June 30, 2024 and up to the date of this announcement.

Principal Risks and Uncertainties

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize the Group's product candidates, or experience significant delays in doing so, our business will be significantly harmed;

- If the Group encounters difficulties enrolling patients or participants in our clinical trials, our clinical development activities could be delayed and result in increased costs and longer development periods or otherwise adversely affected;

- If clinical trials of product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;

- Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;

- The regulatory approval processes of regulatory authorities of national and multilateral institutions are lengthy, time-consuming and inherently unpredictable. If the Group is ultimately unable to obtain regulatory approval for product candidates, our business will be substantially harmed;

- The Group's rights to develop and commercialize our Trimer-Tag pipeline products are subject, in part, to the terms and conditions of licenses granted to us by the Group's licensor GenHunter;

- If the Group is unable to maintain sufficient distribution, marketing, and sales capabilities, the Group may not be able to generate product sales revenues;

- The regulatory pathway for vaccines is highly dynamic and continues to evolve and may result in unexpected or unforeseen delays or challenges;

- The manufacture of biologics is a complex process which requires significant expertise and capital investment, and if the Group encounters problems in manufacturing our future products, the business could suffer;

- If the Group is unable to obtain and maintain patent protection for our product candidates or the Trimer-Tag technology platform, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against the Group, and its ability to successfully commercialize any product or technology may be adversely affected;

- The Group engages CROs to conduct certain elements of its pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or comply with regulatory requirements, the Group may not be able to obtain regulatory approval for or commercialize product candidates and its business could be substantially harmed; and

- The Group has entered into collaborations and may form or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and the Group may not realize the benefits of such alliances or licensing arrangements.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

Publication of Interim Results Announcement and Interim Report

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

The interim report for the Reporting Period containing all the information required by Appendix D2 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Definitions and Glossary of Technical Terms

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CDMO(s)"	contract development and manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CEPI"	the Coalition for Epidemic Preparedness Innovations
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"Company", "our Company", "the Company" or "Clover"	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司), an exempted company incorporated in the Cayman Islands on October 31, 2018

"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purpose of the Prospectus, our Core Products refer to SCB-2019 (CpG 1018/Alum) and SCB-808
"Corporate Governance Code"	Part 2 of Appendix C1 to the Listing Rules
"CRO(s)"	contract research organization
"Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong Public Offering (as defined in the Prospectus) and the International Offering (as defined in the Prospectus)
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "we" or "us"	our Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standard
"IFRSs"	International Financial Reporting Standards
"Inside Information"	has the meaning ascribed thereto under the SFO
"IPO"	initial public offering
"Listing"	the initial public offering or initial listing of our Shares on the Stock Exchange
"Listing Date"	November 5, 2021, the date on which dealings in our Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules

"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Placee(s)"	professional, institutional or other investor(s) selected and procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of the Placing Shares by the Placing Agent to the Placees at the Placing Price pursuant to the Placing Agreement
"Placing Agent"	Credit Suisse (Hong Kong) Limited, incorporated in Hong Kong with limited liability and a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, each as defined under the SFO
"Placing Agreement"	the placing agreement entered into between the Company and the Placing Agent dated December 6, 2022 in respect of the Placing
"Placing Price"	HKD3.95 per Placing Share
"Placing Shares"	128,000,000 new Shares were allotted and issued by the Company pursuant to the Placing Agreement
"PreF"	a fusion (F) antigen in its native prefusion and trimeric conformation
"Prospectus"	the prospectus issued by the Company dated October 25, 2021
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi Yuan, the lawful currency of China
"RSV"	Respiratory Syncytial Virus
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of USD0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	United States dollars, the lawful currency of the United States

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

Shanghai, PRC, August 27, 2024

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