



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



2022

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. LIANG Peng (*Chairman*)
Mr. LIANG Joshua G

Non-executive Directors

Dr. WANG Xiaodong
Mr. LYU Dong (呂東)
Mr. XIAO Ting (肖汀) (*resigned on April 22, 2022*)
Dr. Donna Marie AMBROSINO
(*appointed on June 17, 2022*)
Dr. Ralf Leo CLEMENS (*appointed on June 17, 2022*)

Independent Non-executive Directors

Dr. WU Xiaobin
Mr. LIAO Xiang
Mr. Jeffrey FARROW
Mr. Thomas LEGGETT

AUDIT COMMITTEE

Mr. Thomas LEGGETT (*Chairman*)
Mr. XIAO Ting (肖汀) (*resigned on April 22, 2022*)
Mr. LYU Dong (呂東) (*appointed on April 22, 2022*)
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
Ms. CHAU Hing Ling (周慶齡)
(*Fellow member of The Hong Kong Chartered Governance Institute*)

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Cayman Islands

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PRC

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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PO Box 1093, Boundary Hall
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Cayman Islands

CORPORATE INFORMATION

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AUDITOR

Ernst & Young
Certified Public Accountants
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COMPANY WEBSITE

www.cloverbiopharma.com

LISTING DATE

November 5, 2021

FINANCIAL HIGHLIGHTS

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)
Cash and cash equivalents	2,255,642	2,767,371
	Six Months Ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other income and gains	11,792	8,074
Administrative expenses	(225,343)	(124,802)
R&D expenses	(855,265)	(633,841)
Loss for the period	(1,136,085)	(1,314,750)
Adjusted loss for the period*	(1,072,218)	(724,602)

* Adjusted loss for the period is not defined under the IFRS. It represents the loss for the period excluding the effect brought by share-based payment expenses and fair value changes of convertible redeemable preferred shares.

IFRS Measures:

Our cash and cash equivalents decreased by RMB511.8 million from RMB2,767.4 million as of December 31, 2021 to RMB2,255.6 million as of June 30, 2022, primarily attributable to continued investment in R&D activities and preparation for the commercialization of SCB-2019 (CpG 1018/Alum).

Other income and gains of the Group increased by RMB3.7 million from RMB8.1 million for the six months ended June 30, 2021 to RMB11.8 million for the six months ended June 30, 2022, primarily due to the increase in interest earned on higher average cash balances brought by the Company's IPO financing and an increase in R&D subsidies from local government authorities.

Administrative expenses of the Group increased by RMB100.5 million from RMB124.8 million for the six months ended June 30, 2021 to RMB225.3 million for the six months ended June 30, 2022, which was primarily attributable to the increase in headcount due to organization expansion as well as the increase in accrued share-based payment expenses.

R&D expenses increased by RMB221.5 million from RMB633.8 million for the six months ended June 30, 2021 to RMB855.3 million for the six months ended June 30, 2022. This increase was primarily attributable to a significant increase in service fees incurred by CMDOs for the preparation of commercial launch and associated raw materials and consumerables. The Company expanded the R&D headcount, which resulted in increased staff costs, however the overall R&D expenses were partially offset by the decrease in clinical trial (Phase 2/3 SPECTRA trial) expenses.

FINANCIAL HIGHLIGHTS

Loss for the period decreased by RMB178.7 million from RMB1,314.8 million for the six months ended June 30, 2021 to RMB1,136.1 million for the six months ended June 30, 2022. The decrease was primarily attributable to the non-cash and one-off change of RMB555.9 million in the fair value of convertible redeemable preferred shares as required under the IFRS for the six months ended June 30, 2021, and was partially offset by the increase in R&D expenses and administrative expenses.

Non-IFRS Measures:

Adjusted loss for the period represents the loss for the period excluding the effect brought by share-based payment expenses and certain non-cash items and non-recurring events, namely the fair value changes of convertible redeemable preferred shares.

The term adjusted loss for the period is not defined under the IFRS. The table below sets forth a reconciliation of the loss for the period to adjusted loss for the period:

	Six Months Ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss for the period	(1,136,085)	(1,314,750)
Added:		
Fair value changes of convertible redeemable preferred shares	–	555,879
Share-based payment expenses	63,867	34,269
Adjusted loss for the period	(1,072,218)	(724,602)

BUSINESS HIGHLIGHTS

The Company's mission is to leverage the Trimer-Tag™ technology platform and its manufacturing capabilities for the discovery, development and commercialization of novel vaccines and biologic therapies. Within the Reporting Period, we have demonstrated advancements in our pipeline products and business operations. Specifically, we have announced key data milestones on efficacy, safety and tolerability, and durability for our lead COVID-19 vaccine program, SCB-2019 (CpG 1018/Alum), implemented improvements to our Changxing Facility to be ready for GMP inspections in the third quarter of 2022, engaged a contract manufacturing site from a leading global CDMO, advanced our rolling regulatory submissions to the NMPA, the EMA, and the WHO, and diversified our clinical-stage pipeline with the advancement of SCB-2020S and SCB-219M into Phase 1 studies. We are motivated and focused on the development of novel vaccines and biologic therapeutic candidates and anticipate a milestone-rich second half of 2022.

Trimer-Tag™ Vaccines

SCB-2019 (CpG 1018/Alum), an adjuvanted protein-based COVID-19 vaccine candidate.

Regulatory and Manufacturing

- In June 2022, we announced that significant progress on improvements to our Changxing Facility had been made. We anticipate the Changxing Facility will be ready for GMP inspections in the third quarter of 2022.
- In January 2022, we engaged a leading global CDMO and are utilizing one of their manufacturing sites (familiar to the EMA and WHO regulatory authorities) to support and advance our regulatory submissions to the EMA and the WHO.
- The Company has been actively engaged with various regulatory authorities. We expect to complete regulatory submissions in the second half of 2022 for the NMPA, the EMA, and the WHO, and have been preparing for the commercial launch of SCB-2019 (CpG 1018/Alum) after receiving conditional approvals.

Clinical Trials

- Universal COVID-19 Booster Vaccine Data:
 - o In June 2022, we announced that a homologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of SCB-2019 (CpG 1018/Alum) induced a robust and rapid neutralizing antibody immune response in this preliminary analysis. A cohort comprised of individuals who were baseline seronegative (individuals with no evidence of natural infection using anti-N antibody testing and observed waning neutralizing antibody levels after the second dose and prior to the booster dose) demonstrated a robust 19-fold increase against the Omicron BA.2 variant and a 12-fold increase in neutralizing antibodies against the Omicron BA.1 variant compared to pre-booster levels.
 - o In April 2022, we announced interim data from an expanded data set of a Phase 2 study that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 3-fold higher levels of neutralizing antibodies against the Omicron variant when compared to individuals receiving three doses of AstraZeneca's vaccine. A heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 4-fold higher levels of neutralizing antibodies against the prototype strain when compared to individuals receiving three doses of AstraZeneca's vaccine.

BUSINESS HIGHLIGHTS

- **Heterologous Booster Trial Initiation:** In June 2022, we initiated a Phase 3 study evaluating the safety and immunogenicity of SCB-2019 (CpG 1018/Alum) as a COVID-19 booster in individuals who previously vaccinated with CoronaVac™ (Sinovac Inactivated Vaccine) or other vaccines.
- **SPECTRA Follow-up Efficacy Analyses (Elderly Population):** In April 2022, we announced that in the elderly population (≥ 60 years of age), SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against any SARS-CoV-2 strain for severe COVID-19 and 100% efficacy against hospitalizations due to COVID-19 at approximately five months after the primary vaccination series.
- **SPECTRA Follow-up Efficacy Analyses (Adult Population):** In March 2022, we announced that SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against severe COVID-19 and demonstrated 95% efficacy against hospitalizations due to COVID-19 at five months after the primary vaccination setting against any SARS-CoV-2 strain for the adult population.

SCB-2020S, a second generation, potentially broadly protective COVID-19 vaccine candidate based on a chimeric Beta and prototype trimeric SARS-CoV-2 S-protein.

- A Phase 1 trial to assess the safety and immunogenicity of several formulations of SCB-2020S was initiated in May 2022. Initial safety and immunogenicity data from the trial is expected in the second half of 2022.

Oncology

SCB-219M, an innovative human thrombopoietin receptor agonist (TPO-RA) produced from CHO cells based on the Company's Fc-fusion technology platform with indication to treat chemotherapy-induced thrombocytopenia (CIT).

- In June 2022, a Phase 1 clinical trial was initiated and the first patient was administered with SCB-219M in China.

BUSINESS HIGHLIGHTS

New Executives and Board Appointments

- Chief Financial Officer and Chief People Officer Appointments: In June 2022, the Company appointed Ms. Aileen Wang as Chief Financial Officer and Ms. Lily Yang as Chief People Officer.
- Board Appointments: In June 2022, Donna Marie Ambrosino, M.D., and Ralf Leo Clemens, M.D., Ph.D., were appointed as non-executive Directors.
- President of Greater China Appointment: In April 2022, Mr. LiongHo Chua was appointed as President of Greater China to establish the Company's commercial infrastructure and drive the completion of regulatory submission and the potential launch of our COVID-19 vaccine candidate in China.
- President of Global Research and Development Appointment: In February 2022, the Company appointed Nicholas Jackson, Ph.D., as President of Global Research and Development to spearhead the development of the Company's existing pipeline candidates and nominating new product candidates.

Other Key Corporate Developments

- Up to US\$300 Million Credit Agreement Approved: In June 2022, we announced that the China Merchants Bank approved a one-year credit agreement for up to US\$300 million to support the Company's potential working capital needs during commercial launch.
- Inclusion on the Hang Seng Composite Index: Effective from March 2022, the Company's stock was selected as a constituent stock of the Hang Seng Composite Index and became eligible for trading on the Hong Kong Stock Connect.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a global clinical-stage biotechnology company committed to developing novel vaccines and biologic therapeutic candidates. Since our inception in 2007, we have had a clear focus on translating cutting-edge science into solutions to address significant unmet medical needs. Our vision is to empower humanity with a healthier future through transformative science, while our mission lies in leveraging the Trimer-Tag™ technology platform and our manufacturing capabilities for the discovery, development and commercialization of novel vaccines and biologic therapies.

The Trimer-Tag™ technology platform is a product development platform for the creation of protein-based vaccines and immuno-oncology therapies 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.

We have created a pipeline of innovative vaccines and oncology candidates with the Trimer-Tag™ technology platform. Led by our experienced management, R&D, and regulatory affairs teams, the Company accomplished key pipeline milestones during the Reporting Period. The Company's lead product candidate, SCB-2019 (CpG 1018/Alum), is a protein-based COVID-19 vaccine candidate in the process of rolling submissions to the NMPA, the EMA and the WHO, with ongoing preparations to commence product launch following conditional regulatory approval. Novel next-generation COVID-19 vaccine candidates are under development to further strengthen our vaccine portfolio and to enhance our readiness for persistent combat with SARS-CoV-2. In our oncology portfolio, SCB-219M, an innovative thrombopoietin receptor agonist (TPO-RA) mimetic Fc-fusion protein, has been advanced into a Phase 1 clinical trial.

We have partnered with global organizations to advance our innovative pipeline programs and deliver our vaccines and therapeutics to communities around the world in need. These include the CEPI, Dynavax, Gavi, the Vaccine Alliance, UNICEF, and PAHO with the aim to deliver a safe and effective COVID-19 vaccine to countries and regions around the globe. In addition, we expect to explore strategic relationships with established global biopharmaceutical companies and/or academic institutions to further derive value from the Trimer-Tag™ technology platform and our portfolio assets to maximize the commercial potential of our pipeline products and provide long-term shareholder value.

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCT PIPELINE

The following table summarizes the development status of our vaccine and oncology product candidates.

Assets	Product Candidate	Target	Indication	Discovery	Preclinical	IND/CTA	Phase 1	Phase 2	Phase 3	BLA
Vaccines	SCB-2019 (CpG 1018/Alum) ⁽¹⁾	SARS-CoV-2 S-Trimer™ (Prototype Strain)	COVID-19 Primary Vaccination							
	SCB-2020S (CAS-1) ⁽²⁾	SARS-CoV-2 S-Trimer™ (B.1.1.351 variant chimera)	COVID-19							
	Bivalent COVID-19 Vaccine ⁽³⁾ (SCB-2019 + SCB-2022B)	SARS-CoV-2 S-Trimers™ (Prototype + Omicron)	COVID-19							
	Rabies Vaccine ⁽³⁾	RABV G-Trimer	Rabies							
	RSV Vaccine ⁽³⁾	RSV F-Trimer	RSV							
	Influenza Vaccine ⁽³⁾	HA-Trimers	Quadrivalent Seasonal Flu Pandemic Flu							
Oncology			Malignant Ascites							
		TRAIL-Trimer	Malignant Pleural Effusion							
	SCB-313 ⁽⁴⁾		Peritoneal Carcinomatosis							
		+ APG-1387 (Ascentage) IAP Antagonist Combo ⁽⁵⁾	Peritoneal Carcinomatosis							
	SCB-219M	TPO Mimetic Bispecific-Fc	Chemotherapy-Induced Thrombocytopenia (CIT)							
	Undisclosed ⁽⁶⁾	4-1BB x Undisclosed Bispecific Trimer	Immuno-Oncology							

(1) COVID-19 vaccine candidate. Announced on September 2021 SPECTRA met the primary and secondary efficacy endpoints. Regulatory submissions are anticipated to be completed in the second half of 2022 for all three agencies, with product launch commencing thereafter upon receiving conditional approvals. (2) SCB-2020S antigen is a chimeric SARS-CoV-2 spike protein based on the RBD of beta variant and the NTD of the prototype strain. This candidate will be evaluated with CAS-1, an adjuvant developed off-in-water emulsion-based adjuvant. (3) Other vaccine candidates in early-stage development. (4) Our oncology product candidate for the treatment of malignant ascites (MA), malignant pleural effusion (MPE), and peritoneal carcinomatosis (PC) is currently in Phase 1 development. (5) Our oncology product candidate for the treatment of peritoneal carcinomatosis (PC) is currently in Phase 2 study to evaluate the safety, tolerability, pharmacokinetics/pharmacodynamics (PK/PD), and efficacy of SCB313 in combination with APG1387 for the treatment of patients with primary or secondary peritoneal carcinomatosis. (6) This oncology product candidate is in early-stage development, and we are still assessing the target indications for this product.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Product Candidates

Trimer-Tag™ Vaccines

SCB-2019 (CpG 1018/Alum)

Our lead COVID-19 vaccine candidate, SCB-2019 (CpG 1018/Alum), is an adjuvanted protein-based COVID-19 vaccine candidate. The SCB-2019 antigen was developed with the Trimer-Tag™ technology platform and is a S-Trimer™ based on the prototype SARS-CoV-2 virus.

Regulatory:

We remain actively engaged with the NMPA, the EMA and the WHO regarding data needed to support conditional approval for SCB-2019 (CpG 1018/Alum) and expect to include booster clinical data in our regulatory submissions.

After receiving feedback from the WHO in December 2021 following their GMP inspection of our Changxing Facility, we have continued to make significant progress on improvements to the Changxing Facility and now anticipate that the site will be ready for further inspection in the third quarter of 2022. We will utilize our Changxing Facility to support regulatory submission to the NMPA in the second half of 2022.

In January 2022, we engaged an experienced CDMO site to support our submissions to the EMA and the WHO. We believe this CDMO site will be able to support our regulatory submissions to the EMA and the WHO in the second half of 2022. This strategic approach will help ensure our COVID-19 vaccine is commercialized as quickly as possible.






Regulatory submissions are now anticipated to be completed in the second half of 2022 for all three agencies, with product launch commencing thereafter upon receiving conditional approvals.

Clinical Trials:

- SPECTRA Follow-up Efficacy Analyses (Elderly Population): In April 2022, we announced that in the elderly population (≥ 60 years of age), SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against any SARS-CoV-2 strain for severe COVID-19 and 100% efficacy against hospitalizations due to COVID-19 at approximately five months after the primary vaccination series.
- SPECTRA Follow-up Efficacy Analyses (Adult Population): In March 2022, we announced that SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against severe COVID-19 and demonstrated 95% efficacy against hospitalizations due to COVID-19 at five months after the primary vaccination setting against any SARS-CoV-2 strain for the adult population. There was also no evidence that clinical efficacy against COVID-19 declined over a five-month period in individuals with prior SARS-CoV-2 infection who were subsequently boosted with SCB-2019 (CpG 1018/Alum). No safety concerns were observed in individuals dosed with SCB-2019 (CpG 1018/Alum) in this follow-up period.
- We amended SPECTRA in January 2022 to expand the evaluation of the adolescent (12-18 years) subgroup and recruited approximately 1,250 adolescent individuals. Initial data are anticipated in the third quarter of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Universal COVID-19 Booster Vaccine Development: We plan to complete the development of SCB-2019 (CpG 1018/Alum) as a universal COVID-19 booster vaccine in 2022, to potentially enable its use as a booster dose, regardless of the vaccine technology used for the primary vaccination or previous SARS-CoV-2 infection history.

SCB-2019 (CpG 1018/Alum) Booster Setting		Universal Booster Development Status	Upcoming Milestones
 Previous SARS-CoV-2 Infection		<ul style="list-style-type: none"> ✓ Positive Phase 2/3 (SPECTRA) Efficacy & Safety Data ✓ Data published in Lancet Infectious Disease 	--
Heterologous Booster	 Previous CoronaVac Vaccination (Inactivated Vaccine)	<ul style="list-style-type: none"> Phase 3 3rd Dose initiated in JUN-2022 Phase 3 4th Dose to initiate in 2H-2022 	Q3-2022: Initial data Q4-2022: Initial data
	 Previous AstraZeneca Vaccination (Viral Vector Vaccine)	<ul style="list-style-type: none"> ✓ Positive immunogenicity & safety data reported in Phase 2 study⁽¹⁾ Phase 3 initiated in JUN-2022 	Q3-2022: Initial data
	 Previous Pfizer Vaccination (mRNA Vaccine)	<ul style="list-style-type: none"> Phase 3 initiated in JUN-2022 	Q3-2022: Initial data
Homologous Booster	 Previous SCB-2019 Vaccination (Protein-Based Vaccine)	<ul style="list-style-type: none"> Positive initial Phase 2/3 SPECTRA data with strong boosting response against Omicron 	2H-2022: Additional immunogenicity & safety data

Universal COVID-19 Booster Development Expected to be Completed in 2022

Note:

- The initial heterologous booster trial was an investigator-initiated study in Brazil. The trial concluded in the first half of 2022.
- Universal COVID-19 Booster Vaccine Data:
 - Homologous Booster Data: In June 2022, we announced that a homologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of SCB-2019 (CpG 1018/Alum) induced a robust and rapid neutralizing antibody immune response in this preliminary analysis. A cohort comprised of individuals who were baseline seronegative (individuals with no evidence of natural infection using anti-N antibody testing and observed waning neutralizing antibody levels after the second dose and prior to the booster dose) demonstrated a robust 19-fold increase against the Omicron BA.2 variant and a 12-fold increase in neutralizing antibodies against the Omicron BA.1 variant compared to pre-booster levels.
 - Heterologous Booster Data Including Omicron and VoCs: In April 2022, we announced interim data from a Phase 2 study that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals (N=120) previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 3-fold higher levels of neutralizing antibodies against the Omicron variant when compared to individuals receiving three doses of AstraZeneca's vaccine. SCB-2019 (CpG 1018/Alum) showed a higher neutralizing antibody response against VoCs, including Beta, Gamma, Delta and Omicron, in comparison to individuals receiving three doses of AstraZeneca's vaccine.

MANAGEMENT DISCUSSION AND ANALYSIS

- Heterologous Booster Data Against Prototype: In April 2022, we announced interim data from a Phase 2 study that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously receiving two doses of AstraZeneca's COVID-19 vaccine elicited approximately 4-fold higher levels of neutralizing antibodies against the prototype strain when compared to individuals receiving three doses of AstraZeneca's vaccine.
- Heterologous Booster Trial Initiation: In June 2022, we initiated a Phase 3 study evaluating the safety and immunogenicity of SCB-2019 (CpG 1018/Alum) as a COVID-19 booster in individuals who previously vaccinated with CoronaVac™ (Sinovac Inactivated Vaccine) or other vaccines. Initial results are expected starting in the third quarter of 2022.
- Previously Infected Individuals: In April 2022, we announced additional data from SPECTRA that vaccination with SCB-2019 (CpG 1018/Alum) in individuals previously infected with SARS-CoV-2 showed a cumulative protective effect of 89.7% (95% CI: 82.5 – 94.4) after one dose and 93.8% (95% CI: 88.9 – 97.0) after two doses against COVID-19 of any severity, against any strain of SARS-CoV-2, as compared to SARS-CoV-2 naive placebo recipients. In the previously-infected population, incremental risk reduction against COVID-19 of any severity of SCB-2019 (CpG 1018/Alum) vaccination versus placebo was 49.9% after one dose and 64.2% after two doses.
- Homologous Booster Trial Initiation: In January 2022, we amended SPECTRA to evaluate SCB-2019 (CpG 1018/Alum) as a homologous booster in individuals that previously received two doses of SCB-2019 (CpG 1018/Alum). The study recruited 3,755 participants in Brazil, the Philippines and Columbia and intended to evaluate the immunogenicity, durability and safety profile of SCB-2019 (CpG 1018/Alum) as a booster dose.
- Post-Reporting Period (expected) Milestones and Achievements:
 - Heterologous Booster after Two Doses of Inactivated Vaccine: In September 2022, we announced positive data from an ongoing Phase 3 study. Preliminary data showed that a heterologous booster dose of SCB-2019 (CpG 1018/Alum) in individuals previously received two doses of inactivated vaccine elicited a 12-fold increase in neutralizing antibodies titer against the original strain compared to a third dose of inactivated vaccine. In response against Omicron BA.1 and BA.2 subvariants, a heterologous booster dose of SCB-2019 (CpG 1018/Alum) elicited five and six-fold higher neutralizing antibodies titers, respectively, compared to inactivated vaccine.
 - Homologous Booster Data against Omicron BA.5: In August 2022, we announced positive Phase 2/3 clinical trial data demonstrating a homologous booster dose of SCB-2019 (CpG 1018/Alum) elicited 12 to 61-fold increase in neutralizing antibodies against Omicron BA.5 subvariant among participants who previously received two doses of SCB-2019 (CpG 1018/Alum) or with a history of prior SARS-CoV-2 infection (using validated live SARS-CoV-2 virus neutralization assays).
 - SPECTRA Adolescent Data: In August 2022, we announced that the study to evaluate the immunogenicity, safety and efficacy of SCB-2019 (CpG 1018/Alum) in adolescents (aged 12 to 17 years) has met the primary endpoint and demonstrated that vaccination with SCB-2019 (CpG 1018/Alum) elicited approximately 2-fold higher neutralizing antibody titers in adolescents compared to young adults (aged 18 to 25 years). In the adult population (≥ 18 years of age), SCB-2019 (CpG 1018/Alum) had previously demonstrated 100% efficacy in preventing severe COVID-19 and 95% efficacy against hospitalizations associated with COVID-19 caused by any SARS-CoV-2 strain at 5 months after vaccination.
 - Heterologous Booster Trial Expansion: In August 2022, we initiated a subcohort of the Phase 3 heterologous immunogenicity and safety booster trial that will evaluate SCB-2019 (CpG 1018/Alum) as a fourth booster dose in individuals that previously received three doses of CoronaVac™. Initial results are expected in the fourth quarter of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Partnerships:

Demand for COVID-19 vaccines in China, low-income and low-middle-income countries remains for primary vaccination and booster doses, specifically for third and fourth booster doses that can induce strong and broad neutralization against VoCs, especially Omicron. We believe SCB-2019 (CpG 1018/Alum) has the potential to be differentiated with its high efficacy, robust immunogenicity, potential best-in-field safety and tolerability, and stability under standard refrigeration storage and transportation conditions. We continue to expand existing and establish new global partnerships to ensure fair and equitable global distribution of SCB-2019 (CpG 1018/Alum) to those most in need.

- In February 2022, we signed a long-term agreement with the PAHO regional office to support the supply of our COVID-19 vaccine candidate, SCB-2019 (CpG 1018/Alum), to the COVAX Facility (COVAX Facility refers to COVID-19 Vaccines Global Access, a global initiative aimed at equitable access to COVID-19 vaccines led by UNICEF, Gavi, the Vaccine Alliance, WHO, CEPI, and others).

SCB-2020S

SCB-2020S is a second generation, potentially broadly protective COVID-19 vaccine candidate based on a chimeric Beta and prototype trimeric SARS-CoV-2 S-protein, preserving potential neutralization epitopes across multiple VoCs of SARS-CoV-2, including Omicron. The Company intends to explore how the SCB-2020S construct could further expand the breadth of vaccine-induced neutralizing antibodies to address the existing and potential new variant strains of the SARS-CoV-2 virus.

- In May 2022, we initiated a double-blind, randomized, dose-finding Phase 1 trial to assess the safety and immunogenicity of several formulations of SCB-2020S with adjuvants CpG 1018/Alum and CAS-1. CAS-1 is the Company's proprietary oil-in-water emulsion-based adjuvant system developed in-house. The active comparator will be the Company's prototype COVID-19 vaccine candidate, SCB-2019 (CpG 1018/Alum). All vaccine formulations will be administered as a two-dose regimen, given 21 days apart to approximately 150 adults (18 to 75 years of age) in South Africa.
- Post-Reporting Period (expected) Milestones and Achievements:
 - o Initial safety and immunogenicity data from the trial is expected in the second half of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Publications

- Bivalent COVID-19 Vaccine Candidate Data Shows Cross-Protection Against VoCs Published in *Virology: Current Research*: In June 2022, a preclinical study on our bivalent COVID-19 vaccine candidate, a combination of the trimeric spike antigens from the original SARS-CoV-2 strain and the Omicron variant, elicited broad neutralization against all VoCs, including Omicron, in both primary vaccination and booster settings was published in the peer-reviewed journal, *Virology: Current Research*.
- SPECTRA Efficacy Data in Previously-Infected Individuals Published in *the Lancet Infectious Diseases*: In April 2022, additional data from the previously-infected participant population in SPECTRA demonstrated significant incremental protection against COVID-19 following vaccination with SCB-2019 (CpG 1018/Alum) and were published in the peer-reviewed journal, *the Lancet Infectious Diseases*.
- SPECTRA Final Efficacy Data Published in *the Lancet*: In January 2022, final efficacy analysis and safety data for two doses of SCB-2019 (CpG 1018/Alum) utilized for primary vaccination in the global Phase 2/3 SPECTRA trial were published in the peer-reviewed journal, *the Lancet*.

Oncology

SCB-219M

SCB-219M is an innovative human thrombopoietin receptor agonist (TPO-RA) produced from CHO cells based on the Company's Fc-fusion technology platform with indication to treat chemotherapy-induced thrombocytopenia (CIT).

- In June 2022, a Phase 1 clinical trial initiated to explore the safety, tolerability, immunogenicity, pharmacokinetics, and efficacy of SCB-219M administered subcutaneously in cancer patients with CIT. This is a multi-center, open-label, dose escalation and dose expansion study being conducted in China.
- Post-Reporting Period (expected) Milestones and Achievements:
 - o Interim safety and recommendations for Phase 2 dosing are anticipated in the first half of 2023.

Other Product Candidates

After completing internal scientific, financial and strategic assessments, the Company will prioritize resources on the development of COVID-19 assets and pause certain non-COVID-19 mid/late-stage programs including SCB-808. In navigating the current macroeconomic environment, the Company continues to prudently evaluate its pipeline programs and focus on programs that will provide long-term value.

R&D

We are a clinical-stage biotechnology company committed to developing novel vaccines and biologic therapeutic candidates with a robust innovative R&D pipeline.

Our greatest asset is our employees, a team of world-class senior executives and global leaders executing across geographic borders. This comprehensive talent is complimented by our Vaccine Scientific Advisory Board, comprised of industry-leading advisors across a broad range of expertise areas, which has helped to guide our overall COVID-19 vaccine development strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

We have assembled a comprehensive R&D platform enabling drug candidate discovery, proof-of-concept, preclinical and clinical development. As of June 30, 2022, our in-house R&D activities were supported by 291 employees across China, the United States and Europe, overseeing our global preclinical and clinical development.

Manufacturing

We have established strong commercial-scale manufacturing capabilities attributable to our in-house Changxing Facility, comprehensive infrastructure and a global CDMO network to help to support worldwide commercialization.

Our Changxing Facility is equipped with commercial-scale bioreactors and fill-finish lines. The Changxing Facility has received Pharmaceutical Manufacturing Permit from Zhejiang Medical Products Administration and a Qualified Person Declaration stating the facility is in operational compliance with the European Union GMP standards. We anticipate that the Changxing Facility could produce, at peak annual capacity, up to hundreds of millions of doses of SCB-2019 (CpG 1018/Alum).

To fulfil our global supply strategy, we have engaged CDMOs with GMP sites that may further expand our supply capacity. These CDMOs have expertise in manufacturing and experience in completing regulatory inspections and submissions to the EMA and the WHO.

We anticipate completing regulatory submissions to the NMPA, the EMA and the WHO in the second half of 2022.

New Executive and Board Appointments

The Company is undergoing a pivotal transition, from a clinical to commercial organization. To support this evolution the Company announced several leadership appointments during the Reporting Period that will prepare us for the next stage of corporate growth.

- **Chief Financial Officer and Chief People Officer Appointments:** In June 2022, the Company appointed Ms. Aileen Wang as Chief Financial Officer and Ms. Lily Yang as Chief People Officer. Ms. Wang has a long track record of success in establishing and leading efficient finance infrastructures and corporate operations for corporations in China and the U.S., while Ms. Yang has extensive experience in growing and managing a global workforce and building an inclusive and diverse culture.
- **Board Appointments:** In June 2022, Donna Marie Ambrosino, M.D., and Ralf Leo Clemens, M.D., Ph.D., were appointed as non-executive Directors. Dr. Ambrosino's background as a celebrated researcher, infectious disease expert, and proven biotech entrepreneur will further bolster the strength and diversity of the Board, while Dr. Clemens brings industry-leading expertise in global vaccine development and an impressive record of successfully developing and commercializing first and best-in-class vaccines. Both new Directors have been members of the Company's Vaccine Scientific Advisory Board since 2020 and instrumental in the development of our lead COVID-19 vaccine candidate.
- **President of Greater China Appointment:** In April 2022, Mr. LiongHo Chua was appointed as President of Greater China of the Company. Mr. Chua has decades of experience in pharmaceutical product commercialization and business transformation. His position will establish the Company's commercial infrastructure and drive the completion of regulatory submission and launch of our COVID-19 vaccine candidate in China.

MANAGEMENT DISCUSSION AND ANALYSIS

- **President of Research and Development Appointment:** In February 2022, Nicholas Jackson, Ph.D. was appointed as the president of global research and development of our Company. Dr. Jackson, who has spent over 22 years in vaccine and immunotherapeutic R&D roles, leading multiple successful global programs in bacterial, viral and non-infectious disease targets, will focus on the Company's existing and pipeline expansion programs.

Other Key Corporate Developments

- **Up to US\$300 Million Credit Agreement Approved:** In June 2022, the China Merchants Bank approved a one-year credit agreement for up to US\$300 million to support potential working capital needs during the Company's commercial launch. Drawdown on this agreement is subject to a review of the Company's business condition and changes in the Company's condition may result in early repayment. Additional terms including the repayment date and interest rate will be fixed at the time of drawdown approval.
- **Inclusion on the Hang Seng Composite Index:** Effective from March 2022, the Company's stock was selected as a constituent stock of the Hang Seng Composite Index and other relevant indexes. This also enabled the Company to become eligible for southbound trading on the Hong Kong Stock Connect, which is a channel that facilitates stock trading and investment between Hong Kong and a broader base of Chinese investors.

Future Outlook

The Company's vision is to empower humanity with a healthier future through transformative science. To accomplish our goals, we will leverage the expertise of our key new hires to prepare for and execute on the Company's regulatory submissions and commercial launch of SCB-2019 (CpG 1018/Alum), and implement long-term strategies to position the Company for success as a leading global biotechnology company.

COVID-19 outbreaks are still occurring at a global level with new Omicron lineages emerging. The threat of new virulent and highly transmissible SARS-CoV-2 variants remains. These challenging circumstances reinforce our confidence in the role that our lead COVID-19 vaccine candidate can play for primary vaccination and as a universal COVID-19 booster in the global fight against this virus now and throughout the transition to a long-term endemic disease setting.

Given the growing evidence demonstrating that SCB-2019 (CpG 1018/Alum) induces strong booster responses against Omicron in previously-vaccinated and previously-infected individuals, combined with its favorable safety and reactogenicity profile and stability under standard refrigerated conditions, we believe that SCB-2019 (CpG 1018/Alum) will become an important universal COVID-19 booster in China and globally.

Looking ahead, our highest priority will be driving our lead COVID-19 vaccine candidate towards completing regulatory submissions in the second half of 2022 and product launch in China and globally after receiving the respective approvals.

WARNING UNDER RULE 18A.08(3) OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR DRUG CANDIDATES SUCCESSFULLY.

MANAGEMENT DISCUSSION AND ANALYSIS

Impact of COVID-19 and response

The Company anticipates that the clinical trials in China and overseas will not be significantly affected by the outbreak of COVID-19. In the first half of 2022, the outbreaks in Shanghai and other localities across China impacted certain day-to-day operations at the Company, which were announced on June 5, 2022. Based on information available as of the Latest Practicable Date, we believe that the Company has established processes to reduce the risk of material interruption to our business operation and impact on our financial conditions and financial results, should there be any additional COVID-19 outbreaks in or around Shanghai and our Changxing Facility. We are unable to predict if and when COVID-19 will be suppressed. The above conclusion is based on the current COVID-19 information. We cannot be sure if COVID-19 will not worsen and if our operation results will not be materially and adversely affected.

FINANCIAL REVIEW

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income and gains	11,792	8,074
Administrative expenses	(225,343)	(124,802)
R&D expenses	(855,265)	(633,841)
Fair value changes of convertible redeemable preferred shares	–	(555,879)
Other expenses	(65,092)	(1,513)
Finance costs	(2,177)	(6,789)
LOSS BEFORE TAX	(1,136,085)	(1,314,750)
Income tax expense	–	–
LOSS FOR THE PERIOD	(1,136,085)	(1,314,750)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	228,388	6,707
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	228,388	6,707

MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(195,436)	18,983
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(195,436)	18,983
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	32,952	25,690
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,103,133)	(1,289,060)
Non-IFRS Measures		
Adjusted loss for the period	(1,072,218)	(724,602)

Other Income and Gains

The Group's other income and gains primarily consist of government grants, bank interest income and net changes in fair value of financial assets.

For the six months ended June 30, 2022, other income and gains of the Group increased by RMB3.7 million from RMB8.1 million for the six months ended June 30, 2021 to RMB11.8 million, primarily due to the increase in interest earned on higher average cash balances brought by the Company's IPO financing and an increase in R&D subsidies from local government authorities.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee salaries and benefits including accrued share-based compensation; (ii) consulting fees; (iii) professional service fees, which mainly include third-party recruitment agency costs; (iv) listing expenses; (v) depreciation and amortization expenses and (vi) 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, 2022, the administrative expenses of the Group increased by RMB100.5 million, from RMB124.8 million for the six months ended June 30, 2021 to RMB225.3 million, which was primarily attributable to the combined impact of (i) the increase in headcount due to organization expansion as well as the increase in accrued share-based payment expenses; (ii) the increase in consulting expenses for corporate affairs, finance (including auditor's remuneration), legal and other services in relation to operating and administrative activities; and (iii) the decrease in listing expenses in connection with the Listing on the Main Board from RMB16.3 million to nil.

MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Employee salaries and benefits	155,492	60,184
Consulting fees	24,087	12,405
Professional service fees	17,318	23,183
Listing expenses	–	16,335
Depreciation and amortization	12,905	2,801
Office expenses	8,428	3,061
Others	7,113	6,833
Total	225,343	124,802

R&D Expenses

The Group's R&D expenses primarily consist of: (i) clinical trial expenses, including payments to contract research organizations, hospitals and other medical institutions and fees incurred for clinical trials; (ii) R&D consulting and service fees, mainly related to preclinical study costs and service fees incurred by CDMOs for the preparation of commercial launch; (iii) costs of raw materials and consumables used for R&D of our product candidates; (iv) salaries, bonus, welfare and share-based compensation for R&D personnel; and (v) depreciation and amortization in relation to our leasehold buildings, machinery and equipment.

For the six months ended June 30, 2022, R&D expenses increased by RMB221.5 million from RMB633.8 million for the six months ended June 30, 2021 to RMB855.3 million. This increase was primarily attributable to (i) a significant increase in service fees incurred by CDMOs for the preparation of commercial launch; (ii) an increase in raw materials and consumables used; and (iii) an increase in employee salaries and benefits along with the expansion of CMC and project management to support the development and prepare for the commercialization of SCB-2019 (CpG 1018/Alum), which was partially offset by the decrease in clinical trial expenses for SPECTRA, our global Phase 2/3 clinical trial evaluating SCB-2019 (CpG 1018/Alum), which reported final positive results in September 2021.

	Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Clinical trial expenses	200,525	421,405
R&D consulting and service fees	241,032	33,454
Costs of raw materials and consumables	142,548	39,663
Employee salaries and benefits	229,008	118,276
Depreciation and amortization	13,603	4,393
Others	28,549	16,650
Total	855,265	633,841

MANAGEMENT DISCUSSION AND ANALYSIS

Fair Value Changes of Convertible Redeemable Preferred Shares

The Group's fair value change of convertible redeemable preferred shares refers to the fair value losses of the series A, series B, series B-2 and series C preferred shares, which takes into account exchange rate changes.

Fair value loss on convertible redeemable preferred shares decreased from RMB555.9 million for the six months ended June 30, 2021 to nil for the six months ended June 30, 2022, as all of the Company's preferred shares were converted to ordinary Shares upon the Listing Date on November 5, 2021, and no such fair value losses incurred since then.

Other Expenses

The Group's other expenses primarily consist of the exchange losses due to fluctuation in exchange rates, impairment of prepayments, other receivables and other assets, loss on disposal of property, plant and equipment and reversal of inventory provision.

For the six months ended June 30, 2022, other expenses of the Group increased by RMB63.6 million from RMB1.5 million for the six months ended June 30, 2021 to RMB65.1 million, primarily attributable to a RMB34.3 million impairment of prepayment and other receivables and a one-off loss of RMB7.3 million on the disposal of ongoing construction, due to the proposed exit of the Shanghai R&D center. Following a strategic program assessment, announced in June 2022, the Company decided to reprioritize resources for the regulatory submission and commercialization of SCB-2019 (CpG 1018/Alum), and as a part of which, the Company proposed to exit the Shanghai R&D center and, as of the Latest Practicable Date, the Company is still in the process of negotiation with the landlord and related vendors. The increase was also attributable to the increase in exchange losses due to fluctuations in exchange rates, while was partially offset by the reversal of the inventory provision.

Finance Costs

The Group's finance costs primarily consist of (i) interest on lease liabilities, mainly in relation to the offices in Shanghai, Chengdu and Beijing for our operation and (ii) expenses associated with the issuance of our preferred shares, mainly comprising of consulting fees.

Our finance costs decreased by RMB4.6 million from RMB6.8 million for the six months ended June 30, 2021 to RMB2.2 million for the six months ended June 30, 2022. This decrease in finance costs was primarily due to the costs associated with the issuance of our series C preferred shares in the six months ended June 30, 2021 partially offset by the increase in interest expenses on lease liabilities.

Loss for the Period

As a result of the above, the loss of the Group decreased by RMB178.7 million from RMB1,314.8 million for the six months ended June 30, 2021 to RMB1,136.1 million for the six months ended June 30, 2022.

Non-IFRS Measure

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

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted loss for the period represents the loss for the period excluding the effect of share-based payment expenses, and the change in fair value of the convertible redeemable preferred shares which is non-cash and non-recurring. 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 result and a better basis of comparisons for operating performance from period to period.

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

	Six Months Ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss for the period	(1,136,085)	(1,314,750)
Added:		
Fair value changes of convertible redeemable preferred shares	–	555,879
Share-based payment expenses	63,867	34,269
Adjusted loss for the period	(1,072,218)	(724,602)

Selected Data from Interim Condensed Consolidated Statement of Financial Position

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)
Total current assets	4,894,620	5,076,495
Total non-current assets	318,383	269,165
Total Assets	5,213,003	5,345,660
Total current liabilities	2,609,599	2,148,109
Total non-current liabilities	2,426,818	1,978,403
Total liabilities	5,036,417	4,126,512
Net current assets	2,285,021	2,928,386

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Source of Funding and Borrowings

As of June 30, 2022, the Group's cash and cash equivalents decreased by RMB511.8 million from RMB2,767.4 million as of December 31, 2021 to RMB2,255.6 million. The decrease primarily resulted from continued investment in R&D activities and preparation for the commercialization of SCB-2019 (CpG 1018/Alum).

As of June 30, 2022, the current assets of the Group totaled RMB4,894.6 million, including cash and cash equivalents and time deposits and restricted cash of RMB2,282.7 million, prepayments, other receivables and other assets of RMB1,075.4 million, and inventories of RMB1,536.5 million.

As of June 30, 2022, the current liabilities of the Group were RMB2,609.6 million, including contract liabilities of RMB1,489.0 million, trade payables of RMB970.7 million, other payables and accruals of RMB123.8 million, and lease liabilities (within one year) of RMB26.1 million.

As of June 30, 2022, the Group had no bank loans. In June 2022, the China Merchants Bank approved the Company for a one-year credit agreement for up to US\$300 million to support potential working capital needs during commercial launch while the Company had not drawn down any loan out of the credit as of June 30, 2022.

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, 2022, we did not hold any significant investments. We also did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures for the six months ended June 30, 2022.

Future Plans for Material Investments or Capital Assets

The Group had no other material capital expenditure plan as of the Latest Practicable Date.

Contingent Liabilities

As of June 30, 2022, we did not have any contingent liabilities.

Gearing Ratio

The gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of June 30, 2022, our gearing ratio was 96.6% (December 31, 2021: 77.2%).

Capital Commitments

The capital commitments of the Group as of June 30, 2022 were RMB66.2 million, reflecting an increase of RMB0.7 million from RMB65.5 million as of December 31, 2021, primarily attributable to progress made in the construction of research and CMC facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As of June 30, 2022, the Group had no pledge of assets.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary operating subsidiaries. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2022.

Employees and Remuneration

As of June 30, 2022, the Group had 851 employees. The total remuneration cost incurred by the Group for the Reporting Period was RMB384.5 million. The following table sets forth the details of our employees by function as of June 30, 2022:

Function	Number of employee	% of total
R&D	291	34.2
Manufacturing and CMC	364	42.8
General and Administrative	196	23.0
Total	851	100.0

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

The Company has also adopted the RSU Scheme on April 15, 2021, the Pre-IPO Share Option Plan on April 15, 2021 and the 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, 2022, 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 ⁽⁹⁾
Dr. Liang	Beneficial owner	206,835,485	17.81%
	Beneficial owner ⁽¹⁾	2,620,939	0.23%
	Interest of a party to an agreement ⁽²⁾	18,072,627	1.56%
	Interest of a party to an agreement ⁽³⁾	56,000,000	4.82%
Mr. Joshua Liang	Beneficial owner	18,072,627	1.56%
	Beneficial owner ⁽⁴⁾	11,609,240	1.00%
	Interest of a party to an agreement ⁽²⁾	206,835,485	17.81%
	Advisor of a trust ⁽⁵⁾	60,690,580	5.23%
Dr. WANG Xiaodong	Beneficial owner ⁽⁶⁾	720,500	0.06%
	Beneficial owner	28,000,000	2.41%
Dr. WU Xiaobin	Beneficial owner ⁽⁶⁾	720,500	0.06%
Mr. LIAO Xiang	Beneficial owner ⁽⁶⁾	720,500	0.06%
Mr. Jeffrey FARROW	Beneficial owner ⁽⁶⁾	720,500	0.06%
Mr. Thomas LEGGETT	Beneficial owner ⁽⁶⁾	720,500	0.06%
Dr. Ralf Leo CLEMENS	Beneficial owner ⁽⁷⁾	589,323	0.05%
	Beneficial owner	242,648	0.02%
Dr. Donna Marie AMBROSINO	Beneficial owner ⁽⁸⁾	88,438	0.008%
	Beneficial owner	36,358	0.003%

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 Plan as of June 30, 2022.
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 Shares held by them to Dr. Liang. Therefore, Dr. Liang was deemed to be interested in the Shares 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 Plan as of June 30, 2022.
5. The Core Trust Company Limited is the trustee for the RSU Scheme. Under the trust deed, Mr. Joshua Liang is able to exercise voting rights attached to the Shares held by Super Novel. Super Novel is wholly owned by TCT (BVI) Limited, which is in turn wholly owned by The Core Trust Company Limited. Therefore, each of The Core Trust Company Limited and TCT (BVI) Limited was deemed to be interested in the Shares held by Super Novel.
6. Referring to the Shares underlying the RSUs and options granted to each of these Directors under the RSU Scheme and the Post-IPO Share Option Plan as of June 30, 2022.
7. Referring to the Shares underlying the RSUs granted to Dr. Ralf Leo CLEMENS under the RSU Scheme as of June 30, 2022.
8. Referring to the Shares underlying the RSUs granted to Dr. Donna Marie AMBROSINO under the RSU Scheme as of June 30, 2022.
9. Calculated based on 1,161,221,723 total issued Shares of the Company as of June 30, 2022.

Save as disclosed above, as of June 30, 2022, 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.

On July 19, 2022, the Company granted a total of 695,000 options and 116,000 RSUs to certain of the Directors pursuant to the terms of the Post-IPO Share Option Plan and the RSU Scheme, respectively. For further details, please refer to the announcement of the Company dated July 19, 2022.

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

As of June 30, 2022, 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, 2022	
		Number of Shares	Approximate percentage ⁽⁶⁾
JNRY ⁽¹⁾	Beneficial owner	98,796,257	8.51%
AUT-XXI ⁽¹⁾	Beneficial owner	72,797,172	6.27%
Aranda ⁽²⁾	Beneficial owner	98,796,257	8.51%
Shanghai Tianhe ⁽³⁾	Beneficial owner	70,000,000	6.03%
Ms. CHENG Xinxin (程辛欣) ⁽³⁾	Interest in controlled corporation	100,660,000	8.67%
Ms. WANG Shibi (汪世碧) ⁽³⁾	Interest in controlled corporation	100,660,000	8.67%
Elasa ⁽⁴⁾	Beneficial owner	72,472,413	6.24%
Lapam Fund IV ⁽⁵⁾	Beneficial owner	49,213,878	4.24%
Lapam Fund III ⁽⁵⁾	Beneficial owner	35,152,768	3.03%

Notes:

(1) AUT-XXI HK 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.

In addition, HHLR Fund, L.P. and YHG Investment, L.P., being close associates of JNRY and AUT-XXI, are also deemed to be interested in the 12,791,000 Shares subscribed by them through the cornerstone investment. For details, please see "Cornerstone Investors" in the Prospectus and the Company's announcement of offer price and allotment results dated November 4, 2021.

OTHER INFORMATION

- (2) Aranda Investments Pte. Ltd. (“Aranda”) is a wholly owned subsidiary of Seletar Investments Ptd Ltd (“Seletar”). Seletar is wholly owned by Temasek Capital (Private) Limited (“Temasek Capital”), which is in turn wholly owned by Temasek Holdings (Private) Limited (“Temasek Holdings”). As such, each of Seletar, Temasek Capital and Temasek Holdings was deemed to be interested in the Shares held by Aranda under the SFO.
- (3) 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, 2022, 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.

- (4) Elasa is an exempted limited liability company wholly owned by Delos Capital Fund II, LP (“Delos Capital”), an exempted limited partnership registered as private fund under the Private Funds Law of the Cayman Islands. Delos Capital is controlled by Delos Capital GP II, LP. Therefore, each of Delos Capital and Delos Capital GP II, LP are deemed to be interested in the Shares in which Elasa is interested under the SFO.
- (5) 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.

- (6) Calculated based on 1,161,221,723 total issued Shares of the Company as of June 30, 2022.

Save as disclosed above, as of June 30, 2022, 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 during 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

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.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors since April 19, 2022, being the publication date of the Company's annual report for 2021, are set out below:

1. On April 22, 2022, Mr. XIAO Ting (肖汀) resigned as a non-executive Director and a member of the Audit Committee due to his desire to focus on other business priorities;
2. Mr. LYU Dong (呂東) has been appointed as a member of the Audit Committee with effect from April 22, 2022.
3. Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS have been appointed as non-executive Directors with effect from June 17, 2022;

Save as disclosed above, the Directors hereby confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises two independent non-executive Directors, namely Mr. Thomas LEGGETT and Mr. Jeffrey FARROW and a non-executive Director, namely Mr. LYU Dong. 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, 2022 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.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the 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 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 of the Group. The terms of the Pre-IPO Share Option Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

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, 2022.

Name	Date of Grant	Exercise Price	Number of Shares underlying the outstanding options as of January 1, 2022	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, 2022	Approximate percentage of the Shares underlying the outstanding options ⁽²⁾
Connected Person							
Mr. JIANG Yuting (江宇霆) ⁽¹⁾	August 6, 2021	USD0.001	7,000	-	-	7,000	0.0006%
Other Grantees in aggregate							
Other Grantees	Between April 18, 2021 to October 11, 2021	USD0.001	19,604,886	3,107,000	3,643,500	12,854,386	1.11%
Total			19,611,886	3,107,000	3,643,500	12,861,386	1.11%

Notes:

- (1) Mr. JIANG Yuting is the nephew of Dr. Liang, our executive Director, and therefore a connected person.
- (2) Calculated based on 1,161,221,723 total issued Shares of the Company as of June 30, 2022.

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

OTHER INFORMATION

RSU SCHEME

The RSU Scheme was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021, as amended from time to time. 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. The terms of the RSU Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

Pursuant to the RSU Scheme, the overall limit on the number of underlying Shares to be granted under the RSU Scheme is 77,350,000 Shares.

As of June 30, 2022, 135 grantees were granted with RSUs with a total of 32,647,695 underlying Shares under the RSU Scheme. The table below shows the details of RSUs granted to Directors that are outstanding as of June 30, 2022.

Name	Position	Number of Shares underlying the Outstanding RSUs	Approximate Percentage of Equity Interest in the Company underlying the Outstanding RSUs ^(note)
Mr. Joshua Liang	Executive Director and chief executive officer	2,578,240	0.22%
Dr. Liang	Executive Director and chief scientific officer	1,628,439	0.14%
Dr. WANG Xiaodong	Non-executive Director	460,000	0.04%
Dr. Ralf Leo CLEMENS	Non-executive Director	589,323	0.05%
Dr. Donna Marie AMBROSINO	Non-executive Director	88,438	0.008%
Dr. WU Xiaobin	Independent non-executive Director	460,000	0.04%
Mr. LIAO Xiang	Independent non-executive Director	460,000	0.04%
Mr. Jeffrey FARROW	Independent non-executive Director	460,000	0.04%
Mr. Thomas Leggett	Independent non-executive Director	460,000	0.04%

Note: Calculated based on 1,161,221,723 total issued Shares of the Company as of June 30, 2022.

On July 19, 2022, the Company granted an aggregate of 116,000 RSUs representing 116,000 underlying Shares to two grantees, each being a Director, pursuant to the RSU Scheme. For further details, please refer to the announcement of the Company dated July 19, 2022.

OTHER INFORMATION

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 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.

As of June 30, 2022, 188 grantees were granted with outstanding options with a total of 33,959,000 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, 2022.

Name	Date of Grant	Exercise Price ⁽¹⁾	Vesting Period ⁽²⁾	Number of Shares underlying options as of January 1, 2022	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options cancelled/lapsed during the Reporting Period	Number of Shares underlying the options as of June 30, 2022	Approximate percentage of the Shares underlying the outstanding option ⁽³⁾
Directors									
Mr. Joshua Liang	March 31, 2022	HKD7.30	Note (4)	-	9,031,000	-	-	9,031,000	0.78%
Dr. Liang	March 31, 2022	HKD7.30	Note (4)	-	992,500	-	-	992,500	0.09%
Dr. WANG Xiaodong	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	260,500	0.02%
Dr. WU Xiaobin	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	260,500	0.02%
Mr. LIAO Xiang	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	260,500	0.02%
Mr. Jeffrey FARROW	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	260,500	0.02%
Mr. Thomas LEGGETT	March 31, 2022	HKD7.30	Note (5)	-	260,500	-	-	260,500	0.02%
Other Grantees in aggregate									
Employees	May 12, 2022	HKD4.116	Note (6)	-	22,673,000	-	40,000	22,633,000	1.95%
Total				-	33,999,000	-	40,000	33,959,000	2.92%

Notes:

- (1) The closing price of the Shares immediately before the date of grant on March 31, 2022 and May 12, 2022 was HK\$6.99 and HK\$3.11, respectively.
- (2) The validity period is 10 years from the date of grant.
- (3) Calculated based on 1,161,221,723 total issued Shares of the Company as of June 30, 2022.
- (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) 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.

OTHER INFORMATION

On July 19, 2022, the Company granted an aggregate of 695,000 options to two grantees, each being a Director, pursuant to the Post-IPO Share Option Plan. For further details, please refer to the announcement of the Company dated July 19, 2022.

USE OF NET PROCEEDS FROM 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 HKD1,884.3 million (equivalent to RMB1,549.0 million). As of June 30, 2022, approximately 55.8% of the net proceeds from the Global Offering had been utilized as follows:

Function	% of use of proceeds (Approximately)	Planned application of net proceeds from the Global Offering <i>HKD million</i>	Planned application of net proceeds from the Global Offering <i>RMB million</i>	Actual usage up to June 30, 2022 <i>RMB million</i>	Unutilized net proceeds as of June 30, 2022 <i>RMB million</i>
For regulatory submission, commercial preparation and launch, and post-marketing studies of SCB-2019 (CpG 1018/Alum)	35.0%	659.5	542.2	515.7	26.5
For the research and development and regulatory submission for second-generation COVID-19 vaccine candidates	25.0%	471.1	387.3	70.9	316.4
For the research and development and commercial preparation and launch of SCB-808	5.0%	94.2	77.4	16.0	61.4
For the research and development of SCB-313	12.5%	235.6	193.6	44.4	149.2
For the research and development of other product candidates	10.0%	188.4	154.9	109.1	45.8
For working capital and other general corporate purposes	12.5%	235.5	193.6	108.0	85.6
Total	100.0%	1,884.3	1,549.0	864.1	684.9

Notes:

- The net proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus. The unutilized net proceeds are expected to be fully utilized by December 31, 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of R&D and market conditions made by the Company. It will be subject to change based on the current and future development of market conditions.
- The net proceeds were received in HKD and translated to RMB for application planning. As of June 30, 2022, the unused net proceeds were deposited with certain licensed banks in Hong Kong and the PRC.

OTHER INFORMATION

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, 2022 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 36 to 65, which comprises the condensed consolidated statement of financial position of Clover Biopharmaceuticals, Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 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
23 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Other income and gains		11,792	8,074
Administrative expenses		(225,343)	(124,802)
Research and development expenses		(855,265)	(633,841)
Fair value changes of convertible redeemable preferred shares		–	(555,879)
Other expenses		(65,092)	(1,513)
Finance costs		(2,177)	(6,789)
LOSS BEFORE TAX	5	(1,136,085)	(1,314,750)
Income tax expense	6	–	–
LOSS FOR THE PERIOD		(1,136,085)	(1,314,750)
Attributable to:			
Owners of the parent		(1,136,085)	(1,314,750)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)	8		
Basic and diluted		(1.05)	(3.76)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
LOSS FOR THE PERIOD	(1,136,085)	(1,314,750)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	228,388	6,707
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	228,388	6,707
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(195,436)	18,983
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(195,436)	18,983
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	32,952	25,690
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,103,133)	(1,289,060)
Attributable to:		
Owners of the parent	(1,103,133)	(1,289,060)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	168,183	155,689
Right-of-use assets	10	77,120	66,714
Intangible assets		25,164	13,828
Other non-current assets	12	47,916	32,934
Total non-current assets		318,383	269,165
CURRENT ASSETS			
Inventories	11	1,536,471	768,691
Prepayments, other receivables and other assets	12	1,075,432	1,441,637
Financial assets at fair value through profit or loss		–	30,908
Time deposits and restricted cash	13	27,075	67,888
Cash and cash equivalents	13	2,255,642	2,767,371
Total current assets		4,894,620	5,076,495
CURRENT LIABILITIES			
Trade payables	14	970,733	588,559
Other payables and accruals		123,782	114,524
Contract liabilities		1,488,995	1,423,546
Lease liabilities	10	26,089	21,480
Total current liabilities		2,609,599	2,148,109
NET CURRENT ASSETS		2,285,021	2,928,386
TOTAL ASSETS LESS CURRENT LIABILITIES		2,603,404	3,197,551

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2022

	Notes	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	10	54,127	46,440
Deferred income	15	2,372,691	1,931,963
Total non-current liabilities		2,426,818	1,978,403
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	744	742
Treasury shares	16	(38)	(49)
Reserves		175,880	1,218,455
Total equity		176,586	1,219,148

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the parent							
	Share capital	Treasury shares	Merger reserve	Share premium	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	RMB'000 (note 16)	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 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 for the period	-	-	-	-	-	32,952	(1,136,085)	(1,103,133)
Share-based payments	-	-	-	-	60,571	-	-	60,571
Vest 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 CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the parent					Total equity RMB'000
	Share capital RMB'000 (note 16)	Share-based payment reserve RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	
At 1 January 2021 (audited)	-	-	52,981	(2,199)	(1,033,523)	(982,741)
Loss for the period	-	-	-	-	(1,314,750)	(1,314,750)
Other comprehensive income for the period:						
Exchange differences on translation of the Company	-	-	-	6,707	-	6,707
Exchange differences on translation of foreign operations	-	-	-	18,983	-	18,983
Total comprehensive income for the period	-	-	-	25,690	(1,314,750)	(1,289,060)
Issue of shares	33	-	99,312	-	-	99,345
Deemed distribution to the then shareholder of a subsidiary	-	-	(100,590)	-	-	(100,590)
Share-based payments	-	34,269	-	-	-	34,269
At 30 June 2021 (unaudited)	33	34,269	51,703	23,491	(2,348,273)	(2,238,777)

* These reserve accounts comprise the consolidated reserves of RMB175,880,000 as at 30 June 2022 in the consolidated statements of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,136,085)	(1,314,750)
Adjustments for:		
Interest income	(4,651)	(3,007)
Finance costs	2,177	6,789
Depreciation of property, plant, and equipment	12,537	3,791
Depreciation of right-of-use assets	14,007	3,163
Amortisation of intangible assets	1,624	240
Share-based payment expenses	63,867	34,269
Foreign exchange differences, net	29,710	1,479
Impairment of prepayments, other receivables and other assets	34,349	–
Loss on disposal of property, plant and equipment	7,305	–
Reversal of inventory provision	(7,442)	–
Fair value changes of financial assets at fair value through profit or loss	(229)	(323)
Fair value changes of convertible redeemable preferred shares	–	555,879
	(982,831)	(712,470)
Increase in inventories	(763,634)	(136,719)
Decrease in prepayments, other receivables and other assets	341,528	90,294
Increase in trade payables	382,174	11,590
Increase in deferred income	440,728	264,241
(Decrease)/increase in other payables and accruals	(46,797)	24,609
Increase in contract liabilities	65,449	–
Cash used in operations	(563,383)	(458,455)
Interest received	4,651	2,929
Net cash flows used in operating activities	(558,732)	(455,526)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(52,923)	(35,112)
Proceeds from disposal of financial assets at fair value through profit or loss	31,137	–
Additions to intangible assets	(9,163)	(2,908)
Purchases of financial assets designated at fair value through profit or loss	–	(29,922)
Decrease in time deposits and restricted deposits	40,813	46,425
Net cash flows from/(used in) investing activities	9,864	(21,517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of transaction costs for issuance of the Company's convertible redeemable preferred shares	–	(6,058)
Proceeds from issuance of convertible redeemable preferred shares	–	1,487,456
Lease payments	(14,304)	(2,913)
Share issue expenses	–	(2,796)
Issue of shares	–	99,345
Cash received from holders of preferred shares due to Reorganisation*	–	528,076
Cash paid to holders of preferred shares due to Reorganisation	–	(530,179)
Deemed distribution to a shareholder	–	(100,590)
Net cash flows (used in)/from financing activities	(14,304)	1,472,341
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(563,172)	995,298
Cash and cash equivalents at beginning of period	2,767,371	516,184
Effect of foreign exchange rate changes, net	51,443	(7,269)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,255,642	1,504,213
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,282,717	1,748,116
Time deposits and restricted cash	(27,075)	(243,903)
Cash and cash equivalents as stated in the consolidated statement of cash flows	2,255,642	1,504,213

* Reorganisation is fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the prospectus of the Company dated 5 November 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

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 of biopharmaceutical products.

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 2022 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 2021.

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 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or International Financial Reporting Interpretations Committee ("IFRIC") 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period.

During the six months ended 30 June 2022, no lease of the Group has been reduced or waived by the lessors as a result of the COVID-19 pandemic. The amendment did not have any impact on the financial position and performance of the Group.

- (c) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

(e) *Annual Improvements to IFRS 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one operating segment, which is the research and development of biopharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis therefore is presented.

Geographical information

Non-current assets

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Mainland China	309,380	266,868
Other countries/regions	9,003	2,297
	318,383	269,165

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	612,654	511,172
Depreciation of property, plant and equipment	10,877	3,791
Depreciation of right-of-use assets	14,007	3,163
Amortisation of intangible assets	1,624	240
Lease payments not included in the measurement of lease liabilities	1,305	604
Fair value changes of convertible redeemable preferred shares	–	555,879
Listing expenses	–	16,335
Auditor's remuneration	400	–
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	303,492	138,179
Pension scheme contributions	18,496	7,285
Share-based payment expenses	62,512	32,996
Total of employee benefit expenses	384,500	178,460
Foreign exchange difference, net	29,710	1,479
Reversal of inventory provision*	(7,442)	–
Loss on disposal of property, plant and equipment*	7,305	–
Impairment of prepayments, other receivables and other assets*	34,349	–
Bank interest income	(4,651)	(3,007)
Government grants	(6,911)	(4,343)
Fair value gains, net:		
Financial assets at fair value through profit or loss	(229)	(323)

* Reversal of inventory provision, loss on disposal of property, plant and equipment (note 9) and impairment of prepayments, other receivables and other assets (note 12) are included in "other expenses" in the consolidated statement of profit or loss.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

6. 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% on the estimated assessable profits arising in Hong Kong.

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% on the taxable income.

Australia

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

United States of America

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

United Kingdom

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

Ireland

The subsidiary incorporated in Ireland is subject to Ireland corporate income tax at a rate of 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 2022 (six months ended 30 June 2021: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

7. DIVIDENDS

No dividends have been declared or paid by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent of RMB1,136,085,000 (six months ended 30 June 2021: RMB1,314,750,000), and the weighted average number of ordinary shares. The weighted average number of shares for the six months ended 30 June 2022 is determined based on 1,086,304,000 shares in issue during the period. The weighted average number of shares for the six months ended 30 June 2021 is determined based on 350,000,000 shares (after adjusted for the effect of the Capitalisation Issue as defined in note 16 (c)) issued pursuant to the Reorganisation throughout the six months ended 30 June 2021.

The calculation of the diluted loss per share amounts is based on the 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 loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) as share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the six months ended 30 June 2022 and 2021 are the same as the basic loss per share amounts.

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss		
Loss attributable to owners of the parent, used in the basic loss per share calculation:	(1,136,085)	(1,314,750)
	Number of shares	
	For the six months ended 30 June	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation:	1,086,304,000	350,000,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

9. PROPERTY, PLANT AND EQUIPMENT

30 June 2022	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At beginning of period/year		
Cost	174,921	72,835
Accumulated depreciation	(19,232)	(6,938)
Net carrying amount	155,689	65,897
At beginning of period/year, net of accumulated depreciation	155,689	65,897
Additions	32,336	102,086
Disposals*	(7,305)	–
Depreciation provided during the period/year	(12,537)	(12,294)
At end of period/year, net of accumulated depreciation	168,183	155,689
At end of period/year:		
Cost	199,952	174,921
Accumulated depreciation	(31,769)	(19,232)
Net carrying amount	168,183	155,689

* Disposals during the six months ended 30 June 2022 were related to the Company's proposed exit of construction of research and development center in Shanghai Zhangjiang Hi-Tech Park ("Shanghai R&D Center") as further explained in note 12.

10. 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

10. LEASES (Continued)

The Group as a lessee (Continued)

(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 2021 (audited)	21,044	46	21,090
Additions	64,961	–	64,961
Reassessment of a lease term arising from a decision not to exercise the extension option	(7,142)	–	(7,142)
Depreciation charge (note 5)	(12,186)	(9)	(12,195)
At 31 December 2021 and 1 January 2022 (audited)	66,677	37	66,714
Additions	24,307	–	24,307
Depreciation charge	(14,003)	(4)	(14,007)
Exchange realignment	106	–	106
At 30 June 2022 (unaudited)	77,087	33	77,120

(2) Lease liabilities

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Carrying amount at beginning of period/year	67,920	22,316
New leases	24,307	64,961
Accretion of interest recognised during the period/year	2,177	2,520
Reassessment of a lease term arising from a decision not to exercise the extension option	–	(7,142)
Payments	(14,304)	(14,735)
Exchange realignment	116	–
Carrying amount at end of period/year	80,216	67,920
Analysed into:		
Current portion	26,089	21,480
Non-current portion	54,127	46,440

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

10. 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	2,177	1,025
Depreciation charge of right-of-use assets (note 5)	14,007	3,163
Expense relating to short-term leases and leases of low-value assets (note 5)	1,305	604
Total amount recognised in profit or loss	17,489	4,792

11. INVENTORIES

	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Raw materials	1,460,500	702,595
Work in progress	130,257	132,363
	1,590,757	834,958
Impairment	(54,286)	(66,267)
	1,536,471	768,691

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Prepayments	1,083,037	1,374,978
Value-added tax recoverable	45,656	73,477
Other receivables	29,004	26,116
	1,157,697	1,474,571
Impairment allowance	(34,349)	–
	1,123,348	1,474,571
Analysed into:		
Non-current portion	47,916	32,934
Current portion	1,075,432	1,441,637

Prepayments primarily consisted of advance payments to suppliers for raw materials, research and development services and machinery.

Value-added tax recoverable represented the value-added tax that can be used for future deduction.

The financial assets included in the above balances are other receivables that primarily consisted of deposits relating to office lease or services, which are non-interest-bearing, unsecured and repayable at the end of the lease or when the related services are completed. As at 30 June 2022, none of the balances of other receivables, except for the amount mentioned below which have been fully provided, is either due or impaired as they related to balances for which there was no history of default.

The movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At beginning of year/period	–	–
Impairment losses (note 5)	(34,349)	–
At end of year/period	(34,349)	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

In January 2022, the Company announced the start of construction of Shanghai R&D Center for expansion of preclinical development, process development and pilot manufacturing capabilities. In June 2022, the Company decided to reprioritize resources for the regulatory submission and commercialisation of SCB-2019 (CpG 1018/Alum) and proposed to exit the Shanghai R&D Center project. The Company has assessed the progress of the project and undergone negotiation with the vendors and estimated that the prepayments and other receivables related to the proposed exit of Shanghai R&D Center project amounting to RMB34,349,000 were unlikely to be recovered, and, therefore, made full provision of such amount. The Company also recorded a loss on disposal of the construction in progress due to the proposed exit of Shanghai R&D Center amounting to RMB7,305,000 (note 9).

13. CASH AND CASH EQUIVALENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cash and cash equivalents	2,255,642	2,767,371
Time deposits and restricted cash	27,075	67,888
	2,282,717	2,835,259
Less:		
Time deposits with original maturity more than three months	(12,943)	(61,088)
Restricted cash*	(14,132)	(6,800)
	2,255,642	2,767,371
Denominated in:		
RMB	1,095,259	533,803
USD	541,638	935,826
AUD	9,576	9,962
HKD	583,570	1,245,435
GBP	25,598	42,345
EUR	1	-
	2,255,642	2,767,371

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

13. CASH AND CASH EQUIVALENTS (Continued)

- * The restricted cash at 30 June 2022 and 31 December 2021 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 2022 also included credit card deposit and payment deposit, which could not be freely withdrawn.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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 six 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.

14. 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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 6 months	928,950	584,783
6 to 12 months	39,598	2,411
Over 1 year	2,185	1,365
	970,733	588,559

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

15. DEFERRED INCOME

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Deferred revenue (a)	2,344,641	1,899,846
Deferred government grants (b)	28,050	32,117
	2,372,691	1,931,963

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

15. DEFERRED INCOME (Continued)

- (a) Deferred revenue represented the amount of funding received from Coalition for Epidemic Preparedness Innovations (“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.

As such, 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, and, therefore, 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 30 June 2022 and the end of 2021 was recorded as deferred revenue.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

15. DEFERRED INCOME (Continued)

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At beginning of period/year	32,117	27,117
Grants received during the period/year	–	5,000
Amount recognised in profit or loss	(4,067)	–
At end of period/year	28,050	32,117

16. 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 June 30, 2022 (unaudited)	1,161,221,723	116	744
As at December 31, 2021 (audited)	1,158,114,723	116	742

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

16. 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 2021 (audited)		1	-	-	-	-
Issue of ordinary shares upon completion of the Reorganisation		49,999,999	33	-	-	33
Restricted share units	(a)	11,050,000	7	(7)	-	-
Conversion of preferred shares into ordinary shares	(b)	82,966,389	53	-	6,387,640	6,387,693
Capitalisation Issue	(c)	864,098,334	553	(42)	(511)	-
Issue of shares from initial public offering ("IPO")	(d)	150,000,000	96	-	1,650,588	1,650,684
Share issue expenses	(d)	-	-	-	(66,068)	(66,068)
At 31 December 2021 and 1 January 2022 (audited)		1,158,114,723	742	(49)	7,971,649	7,972,342
Vest of restricted share units	(e)	-	-	11	75,242	75,253
Exercise of share options	(f)	3,107,000	2	-	13,579	13,581
At 30 June 2022 (unaudited)		1,161,221,723	744	(38)	8,060,470	8,061,176

Notes:

- (a) Pursuant to board resolution dated 1 July 2021 and 26 September 2021, respectively, 7,250,000 and 3,800,000 ordinary shares (equivalent to 77,350,000 shares in total after adjusted for the effect of the Capitalisation Issue (see (c) below)) were allotted and issued and held by The Core Trust Company Limited on trust through Super Novel International Limited as reserve for the restricted share units to be granted under the restricted share unit scheme. The shares held in the trust are accounted for as treasury shares of the Company. Further details are included in note 17 to the financial statements.
- (b) All convertible redeemable preferred shares were automatically converted into ordinary shares on a one for one basis upon the successful IPO of the Company on 5 November 2021. As a result, the financial liabilities for convertible redeemable preferred shares were derecognised and recorded as share capital and share premium.
- (c) Pursuant to the written resolution of the then shareholders of the Company passed on 26 September 2021, and subject to the share premium account of the Company being credited as a result of the issue of the offer shares pursuant to the IPO, a total of 864,098,334 shares credited as fully paid at par were allotted and issued on 5 November 2021 to the holders of shares whose names appear on the register of members of the Company on the day preceding 5 November 2021 in proportion to their then existing shareholdings in the Company (on the basis that each preferred share was converted into one ordinary share) by capitalising the relevant sum from the share premium account of the Company ("Capitalisation Issue").

16. SHARE CAPITAL AND TREASURY SHARES (Continued)

Note: (Continued)

- (d) In connection with the Company's IPO on 5 November 2021, 150,000,000 ordinary shares were issued at an offer price of HKD13.38 per share for a total gross cash consideration of HKD2,007,000,000 (equivalent to RMB1,650,684,000), before deducting the underwriting fees and commissions and other estimated listing expenses, of approximately HKD72,607,000 (approximately RMB66,068,000).
- (e) 16,659,500 restricted share units were vested during the six months ended 30 June 2022, resulting in RMB11,000 and RMB75,242,000 transferred from the share-based payment reserve to treasury shares and share premium, respectively.
- (f) 3,107,000 share options were exercised at the exercise price of USD0.001 per share (note 17) for a total cash consideration of RMB20,000. RMB13,579,000 was transferred from the share-based payment reserve to share premium upon the exercise of the share options.

17. SHARE-BASED PAYMENTS

The Company operates share-based payment schemes including restricted share unit scheme (the "RSU Scheme"), Pre-IPO share option plan (the "Pre-IPO Plan") and 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 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. The options granted to employees are accounted for as equity awards and measured at their grant date fair values.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

17. SHARE-BASED PAYMENTS (Continued)

Share options (Continued)

In March and May 2022, the Company granted 11,326,000 options to 7 directors and 22,673,000 options to 183 employees under the Post-IPO Plan, respectively. 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. The options granted to employees are accounted for as equity awards and measured at their granted date fair values.

The following share options were outstanding under the Pre-IPO Plan and the Post-IPO Plan during the six months ended 30 June 2022:

	Number of share options	Weighted average exercise price per share option USD
At 1 January 2022 (audited)	19,611,886	0.0010
Granted during the period	33,999,000	0.6596
Forfeited during the period	(3,683,500)	0.0067
Exercised during the period	(3,107,000)	0.0010
At 30 June 2022 (unaudited)	46,820,386	0.4788

The exercise price and exercise periods of the share options outstanding under the Pre-IPO Plan and the Post-IPO Plan as at 30 June 2022 are as follows:

Number of options	Exercise price	Exercise period
12,861,386	USD0.001	2022-2031
11,326,000	HKD7.300	2022-2032
22,633,000	HKD4.116	2022-2032
46,820,386		

The fair value of equity-settled share options granted to directors and employees was estimated as at the date of grant using a binomial 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

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17. SHARE-BASED PAYMENTS (Continued)

Share options (Continued)

	Six months ended 30 June 2022
Expected volatility	57.15%-60.97%
Risk-free interest rate	0.98%-2.86%
Expected life of options (year)	9.57
Weighted average share price (USD per share)	0.67

The fair value of the share options granted to the directors in March and to the employees in May 2022 under the Post-IPO Plan were RMB38,137,000 and RMB24,121,000, respectively. The Group recognised share-based payment expenses of RMB25,199,000 for the six months ended 30 June 2022 in relation to share options.

As at 30 June 2022, the Company had 46,820,386 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 46,820,386 additional ordinary shares of the Company and additional share capital of RMB31,000.

The fair value of share options which were yet to be exercised were included in share-based payment 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.

During the six months ended 30 June 2022, the Company granted 8,848,000 restricted share units under the RSU Scheme to 118 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. During the six months ended 30 June 2022, 16,659,420 restricted share units have been vested and 5,649,781 restricted share units have been forfeited under the RSU Scheme. As at 30 June 2022, the Company had 32,610,195 restricted share units outstanding under the RSU Scheme.

The Group recognised share-based payment expenses of RMB38,668,000 in relation to restricted share units for the six months ended 30 June 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2022

18. CONTINGENT LIABILITIES

In June 2022, the Company proposed to exit Shanghai R&D Center project and sent notification to all relevant vendors who had been involved in such project. The Company has been negotiating with the vendors to settle the related agreements. As of the date of this report, the negotiation is ongoing and there has been no final settlement with the vendors. Based on the negotiation with the vendors and taking into account of the payment made by the Company to the vendors as at 30 June 2022, the Company cannot currently estimate reliably on any additional payments to settle the agreements with the vendors but believe that such additional payments will not be significant. The Company has not provided for any potential claims from the vendors as at 30 June 2022.

19. COMMITMENTS

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	52,393	36,554
Intangible assets	13,802	28,937
	66,195	65,491

20. 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 controlled by a major shareholder of the Company
GenHunter Corporation	An entity controlled by the Company's chairman of the board of directors

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Office lease and utility fees:		
Chengdu Tianhe (i)	1,921	1,326
Entrusted Loan:		
Chengdu Tianhe (ii)	–	99,021
Purchase of services:		
GenHunter Corporation	8	79

Notes:

- (i) The Group entered into a set of property leasing agreements with Chengdu Tianhe, and accordingly recognised lease liabilities of RMB10,430,000 as at 30 June 2022 (31 December 2021: RMB11,513,000).
- (ii) The Group entered into an entrusted loan contract with Chengdu Tianhe and China Zheshang Bank on 4 February 2021, pursuant to which the Group entrusted China Zheshang Bank to provide a loan of RMB99,021,000 to Chengdu Tianhe. As at 31 December 2021, all loans under the aforesaid entrusted loan contract have been repaid in accordance with the contract.

(c) Outstanding balances with related parties

	30 June	31 December
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Amount due from a related party:		
Chengdu Tianhe	205	205
Amount due to a related party:		
GenHunter Corporation	–	4

All above the balances are unsecured and interest-free.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. RELATED PARTY TRANSACTIONS (Continued)

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Short term employee benefits	31,833	20,708
Share-based payment expenses	29,828	5,647
Post-employment benefits	2,907	700
Total compensation paid to key management personnel	64,568	27,055

21. 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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss:	-	30,908	-	30,908

Management has assessed that the fair values of cash and cash equivalents, time deposits and restricted deposits, trade payables, financial assets included in prepayments, other receivables and other assets 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. 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 31 December 2021 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) 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:	–	30,908	–	30,908

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 2021: Nil).

22. EVENTS AFTER THE REPORTING PERIOD

On 19 July 2022, the Company granted a total of 695,000 share options and 116,000 restricted share units to two non-executive directors under the Post-IPO Plan and the RSU Scheme, respectively.

23. 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 23 August 2022.

DEFINITIONS

“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
“BVI”	the British Virgin Islands
“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
“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”	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
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to Dr. Liang and Mr. Joshua Liang
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Liang”	Dr. LIANG Peng, the founder, an executive Director, the chairman of the Board of our Company and our Controlling Shareholder
“EMA”	European Medicines Agency
“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
“Greater China”	PRC, Hong Kong, Macau and Taiwan
“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
“IFRS(s)”	International Financial Reporting Standards
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China
“Latest Practicable Date”	September 8, 2022, being the latest practicable date prior to the printing of this report for the 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 our Controlling Shareholder
“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
“PAHO”	Pan American Health Organization, an international public health agency working to improve health and living standards of the people of the Americas
“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, the principal terms of which are set out in “Other Information – Post-IPO Share Option Plan” to this interim report

DEFINITIONS

“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, the principal terms of which are set out in “Other Information – Pre-IPO Share Option Plan” to this interim report
“Prospectus”	the prospectus issued by the Company dated October 25, 2021
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the six months ended June 30, 2022
“RSU Scheme”	the restricted share units scheme adopted by our Company on April 15, 2021, as amended from time to time, the principal terms of which are set out in “Other Information – RSU Scheme” to this interim report
“R&D”	Research and Development
“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
“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
“S-Trimer™”	a stabilized trimeric form of the spike protein
“UNICEF”	United Nations International Children’s Emergency Fund, a United Nations agency responsible for providing humanitarian and developmental aid to children worldwide
“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
“VoC(s)”	variants of concern in order to prioritise global monitoring and research, and ultimately to inform the ongoing response to the COVID-19 pandemic, certain variants of SARS-CoV-2 were designated as VOC(s) for reasons of transmissibility and virulence
“WHO”	World Health Organization, a specialized agency of the United Nations responsible for international public health