SinoMab BioScience Limited
中國抗體製藥有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 3681)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND CHANGE IN USE OF PROCEEDS

The board (the "**Board**") of directors (the "**Directors**") of SinoMab BioScience Limited (中國抗體製藥有限公司) (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2024 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2023. The condensed consolidated financial statements of the Group for the Reporting Period, including the accounting principles adopted by the Group, have been reviewed by the audit committee of the Company (the "**Audit Committee**") in conjunction with the Company's external auditor. Unless otherwise specified, figures in this announcement are prepared under the Hong Kong Financial Reporting Standards (the "**HKFRSs**").

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

BUSINESS HIGHLIGHTS

- The Board is excited to announce that, during the Reporting Period, we achieved significant progress with respect to the Group's clinical trial programs and pipeline development, including the following:

  - Our flagship product, SM03 (Suciraslimab), *a global first-in-class anti-CD22 monoclonal antibody* — Biologics License Application ("**BLA**") for the treatment of rheumatoid arthritis ("**RA**") was undergoing the final review stage by the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**"). Two necessary inspections required by the NMPA, Clinical Sites inspection and Good Manufacturing Practice ("**GMP**") inspection at our Haikou production base were completed in January 2024. Our on-going Phase III extension study continues to demonstrate an enduring efficacy of Suciraslimab with its continuously increasing response rate over time, suggesting a long-term sustainable benefit of using Suciraslimab when compared to the use of conventional biologics treatments which are often associated with therapeutic resistance over time.

  - Our key product, SM17, *a global first-in-class humanised monoclonal antibody targeting the receptor for IL-25* — Clinical report for the first-in-human Phase I clinical trial conducted in the U.S. was obtained in the first quarter of 2024, data from which demonstrated an overall favorable safety, tolerability and pharmacokinetics ("**PK**") profile for SM17. Our Phase 1a clinical trial for the treatment of atopic dermatitis ("**AD**") in China was completed with its Last Subject Last Visit (LSLV) in May 2024 and a Phase 1b clinical trial was initiated with the first patient successfully dosed on 5 June 2024. In April 2024, study results of SM17 pre-clinical work were published in *Allergy*, an official journal of the European Academy of Allergy and Clinical Immunology (EAACI), demonstrating SM17 to be as effective as JAK1 inhibitor in treating AD in mice.

  - Intellectual property — Along with our rapid advancement in research and development ("**R&D**"), we have made great progress on intellectual property. The number of granted invention patents and invention patents pending approval and owned by the Group as of 30 June 2024 has almost doubled from the beginning of the Reporting Period. The increase was mainly attributable to the new inventions for the Group's pre-clinical drug candidates.

FINANCIAL HIGHLIGHTS

- Loss for the period decreased by RMB43.5 million from RMB134.1 million for the six months ended 30 June 2023 to RMB90.6 million for the six months ended 30 June 2024, which was mainly due to (i) decrease in laboratory consumables and experiment costs in R&D after acceptance of BLA for Suciraslimab in September 2023 and receipt of the clinical report for SM17's first-in-human Phase I clinical trial in the U.S. in the first quarter of 2024, (ii) the decrease in non-cash share-based payments of approximately RMB7.5 million under administrative expenses, and (iii) decrease in foreign exchange loss, net of approximately RMB17.1 million.

- As at 30 June 2024, total funding available to use including cash and cash equivalents, pledged and restricted deposits and structured deposit is RMB220.0 million, compared to RMB233.1 million as at 31 December 2023.

- Net cash from financing activities for the Reporting Period was approximately RMB93.4 million, which was mainly due to the net proceeds from new shares subscription and increase in net bank borrowings.

- The completion of the fifteen subscription agreements in January 2024 raised net proceeds of approximately of HKD73.2 million.

- The Directors have resolved not to declare an interim dividend for the Reporting Period.

BUSINESS OVERVIEW

Since our establishment, we have been continuously adhering to our philosophy of driving innovation by identifying and developing first-in-class drug candidates and specialising in innovative treatment of immunological diseases to solidify our leading position in our industry. We are currently at the start of a new Biotech 3.0 era, which may see a shift back to drug development for prevalent diseases, such as age-related diseases, autoimmune diseases and mental health disorders. It has always been our research objective to break into new frontiers of drug discovery. We aim to create genuine therapeutic advance by improving the immunogenic profiles of therapies and reducing the burden of complex manufacturing and long treatment timelines through innovation with new mechanisms of action and new modalities. We will persist with our vision to develop breakthrough therapies that benefit patients and communities.

During the first half of 2024, the BLA application for our flagship product, SM03 (Suciraslimab), was undergoing the final review stage by the NMPA, including the completion of two necessary inspections, Clinical Sites inspection and GMP inspection at our Haikou production base required by the NMPA in January this year. As our self-developed and a global first-in-class anti-CD22 monoclonal antibody ("**mAb**") for the treatment of RA, Suciraslimab is expected to be our first commercially available drug. Our on-going Phase III extension study continues to demonstrate an enduring efficacy of Suciraslimab with its continuously increasing response rate over time, suggesting a long-term sustainable benefit of using Suciraslimab when compared to the use of conventional biologics treatments which are often associated with therapeutic resistance over time. We look forward to Suciraslimab leading us into the next commercialisation chapter of our drug innovation journey.

In the meantime, we have made great progress on the development of our key product, SM17, a global first-in-class humanised mAb targeting the receptor of interleukin 25 (IL-25) with the potential for treating AD, asthma, idiopathic pulmonary fibrosis ("**IPF**") and other immunological disorders. During the Reporting Period, we obtained the clinical report for SM17's first-in-human Phase I clinical trial in the U.S. in the first quarter of 2024 and completed Phase 1a bridging study on healthy subjects in China in May 2024. Both showed a good safety profile, demonstrating superiority over JAK1 inhibitors in safety and tolerability. On 9 April 2024, our study results of SM17 pre-clinical work, demonstrating SM17 to be as effective as JAK1 inhibitor in treating AD in mice, were published in *Allergy*, an official journal of the European Academy of Allergy and Clinical Immunology (EAACI). We also initiated a Phase 1b proof-of-concept study in China with the first patient successfully dosed on 5 June 2024 to validate the preclinical studies results. The Phase 1b clinical trial aims to explore the preliminary efficacy of SM17 in AD patients, as well as to study safety, tolerability and PK profiles of SM17. The potential and research plan of SM17 for the treatment of AD was also highly recognised by the Hong Kong Science and Technology Parks Corporation with a HK$6.5 million subsidy granted in December 2023 to the Company for the clinical trial of SM17 for AD.

We have been strategically and actively exploring partnership and collaboration opportunities to accelerate the development of our innovative drug candidates. Through our business development activities, we look to build an extensive network across the industry on a global basis.

OUTLOOK

Despite the complex international environment, we are optimistic about Hong Kong's biotechnology industry. As highlighted by the Central Government in accelerating the development of "new quality productive forces" earlier this year, along with the abiding support from the Hong Kong Government in procuring the development of Hong Kong into a Health & Medical Innovation Hub, favorable policies have been implemented by the Hong Kong Government in this respect. As the first Hong Kong-based 18A-listed biopharmaceutical company, we will continue to build on our core competence of innovation to achieve more breakthroughs in our drug development.

We are looking forward to Suciraslimab's commercial journey to profitability upon obtaining NMPA's marketing approval. We also look forward to confirming SM17's differentiating therapeutic and safety properties that compete favorably with existing treatment options in the proof of concept clinical trial in AD that was initiated in the Reporting Period. We are committed to maximizing the value for our stakeholders and upholding our vision to become a leading global biopharmaceutical company for the development of novel drugs to fulfill unmet medical needs.

BUSINESS REVIEW

The Group is principally engaged in research and development of pharmaceutical products.

The operating performance and the progress of the Group's clinical projects during the period under review and future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

The Group has no immediate plan for material investments or capital assets, other than as disclosed in the above section headed "Business Overview" and this sub-section.

A brief review on the business operation and clinical projects currently being undertaken by the Group is set out below.

Overview

We are the first Hong Kong-based listed biopharmaceutical company dedicated to the research, development, manufacturing and commercialisation of therapeutics, primarily first-in-class mAb-based biologics, for the treatment of immunological diseases. We strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based innovative R&D team and PRC-based manufacturing capabilities. We have been dedicated to R&D since our inception, and have built a pipeline of mAb-based biologics and new chemical entities addressing a plethora of immunological diseases. Our vision is to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

Our flagship product, SM03 (Suciraslimab), is a potential global first-in-class anti-CD22 mAb for the treatment of RA and other immunological and neuro-immunological diseases, such as systemic lupus erythematosus ("**SLE**"), Sjogren's syndrome ("**SS**"), mild cognitive impairment ("**MCI**") due to Alzheimer's disease, as well as Alzheimer's disease. As announced by the Company on 26 April 2023, Suciraslimab met its primary endpoint in a Phase III clinical study for the treatment of RA in China. Our BLA was accepted by the NMPA in September 2023 for approval for commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission if no additional information is requested by the NMPA. Clinical site inspection and GMP inspection at our Haikou production base, the two necessary procedures required as part of the BLA approval process, were completed in January 2024.

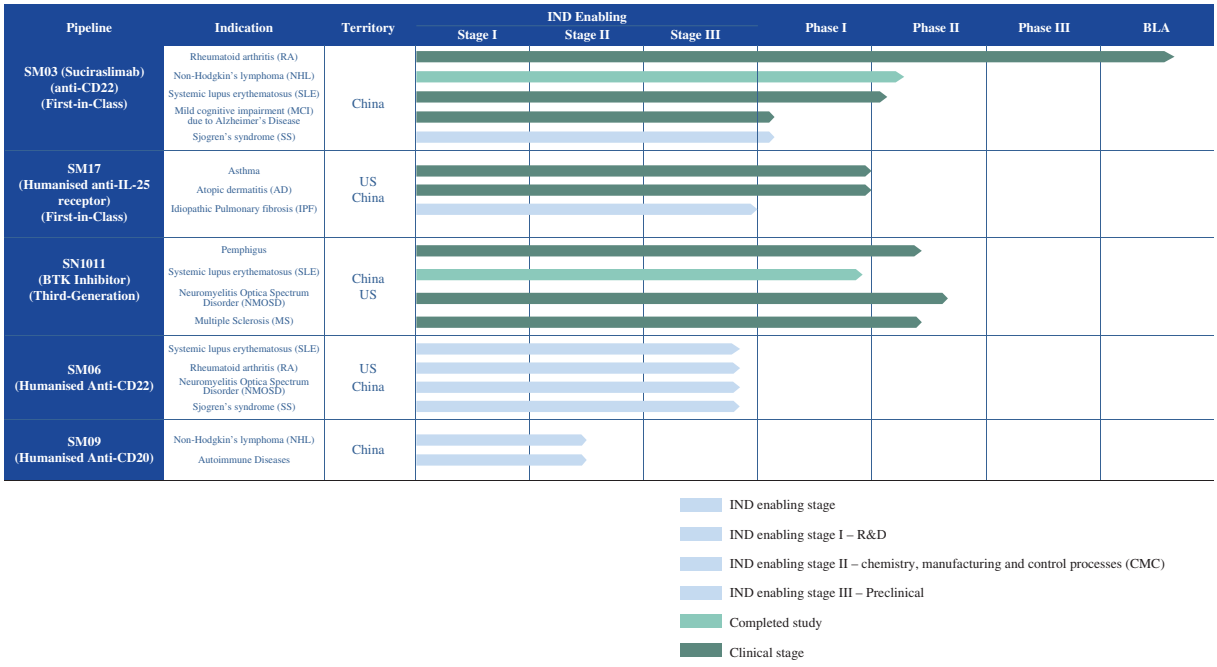
Our key product, SM17, is a global first-in-class, humanised mAb targeting the receptor for IL-25. The compound has the potential for treating AD, asthma, IPF and other immunological disorders. R&D work of SM17 was carried out in both the U.S. and China. SM17 obtained the Investigational New Drug ("**IND**") application for the treatment of asthma from the U.S. Food and Drug Administration ("**FDA**") in March 2022. Clinical report for the U.S. first-in-human Phase I clinical study was obtained in the first quarter of 2024, data from which demonstrated an overall favourable safety, tolerability and PK profile for SM17. In April 2024, study results of SM17 pre-clinical work, demonstrating SM17 to be as effective as JAK1 inhibitor in treating AD in mice, were published in *Allergy*, an official journal of the European Academy of Allergy and Clinical Immunology (EAACI). In China, SM17 obtained the IND approvals for the treatment of asthma and AD from the NMPA on 11 August 2023 and 8 September 2023, respectively. The first patient was successfully dosed in a Phase 1b clinical trial for the treatment of AD on 5 June 2024.

Another key product, SN1011, is a third-generation, covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor. SN1011 was designed to exhibit high selectivity with prolonged but controlled drug exposure to achieve superior efficacy and good safety profile for the potentially long-term treatment of patients with chronic immunological disorders. SN1011 obtained four IND approvals from the NMPA for the treatment of SLE, pemphigus, multiple sclerosis ("**MS**") and neuromyelitis optica spectrum disorder ("**NMOSD**").

Our other drug candidate, SM06, is a second-generation, humanised anti-CD22 antibody derived from Suciraslimab with a similar mechanism of action. Our in-house *in vitro* studies demonstrated SM06 to have potentially enhanced efficacy in enacting immunomodulatory effects. The compound is at the IND enabling stage, and is currently in the process of optimisation for clinical studies.

Progress of clinical projects

Product pipeline



Flagship product

SM03 (Suciraslimab)

Our self-developed SM03 (Suciraslimab) is a potential global first-in-class anti-CD22 mAb for the treatment of rheumatoid arthritis (RA) and other immunological and neuro-immunological diseases, such as systemic lupus erythematosus (SLE), Sjogren's syndrome (SS), mild cognitive impairment (MCI) due to Alzheimer's disease, as well as Alzheimer's disease. Suciraslimab adopts a novel mechanism of action, which differentiates itself from the current treatments available in the market.

On 26 April 2023, the Company announced that Suciraslimab met its primary endpoint in a Phase III clinical study for the treatment of RA in China. The Phase III clinical study is a randomised, multi-centre, double-blind, placebo-controlled study to confirm the clinical efficacy and safety in patients with moderate-to-severe active RA who had an inadequate response to methotrexate (MTX). According to the assessment of the topline data, Suciraslimab was effective in suppressing disease activity and alleviating symptoms of active RA patients receiving methotrexate therapy. Suciraslimab Phase III clinical trial for RA completed its enrollment of 530 patients, exceeding the original target of 510 patients, on 31 December 2021. A Phase III extension study has been conducted. As of 30 June 2024, there were 57 patients in the extension study. The extension study allows the Company to have a prolonged observation on both the efficacy and safety profile of Suciraslimab. As at the date of this announcement, clinical data collected for the extension study demonstrated an enduring efficacy of Suciraslimab with its continuously increasing response rate over time, suggesting a long-term sustainable benefit of using Suciraslimab when compared to the use of conventional biologics treatments which are often associated with therapeutics resistance over time.

Our BLA of Suciraslimab for the treatment of RA was accepted by the NMPA in September 2023 for approval for commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission if no additional information is requested by the NMPA. Clinical site inspection and GMP inspection which are the necessary inspection procedures for BLA required by the NMPA were completed in January 2024. We expect Suciraslimab to be our first commercially available drug candidate.

Upon the successful commercial launch of Suciraslimab, clinical development in other indications, including SLE, MCI due to Alzheimer's disease and Alzheimer's disease will be further advanced to broaden the therapeutic uses of Suciraslimab for addressing other unmet medical needs.

Key products

SM17

SM17 is a global, first-in-class, humanised, IgG4-κ mAb which is capable of modulating Type II allergic reaction by targeting the receptor of a critical "alarmin" molecule interleukin 25 (IL-25). SM17 could suppress T helper 2 (Th2) immune responses by binding to IL-25 receptor (also known as IL-17RB) on Type 2 Innate Lymphoid cells (ILC2s) and Th2 cells, blocking a cascade of responses induced by IL-25 and suppressing the release of the downstream Th2 cytokines such as IL-4, IL-5, IL-9 and IL-13. IL-25 is classified as "alarmin" which is overexpressed in biopsy tissues of patients with asthma, atopic dermatitis (AD) and idiopathic pulmonary fibrosis (IPF). Our *in vitro* studies clearly demonstrated that SM17 can suppress IL-25 induced type 2 immunity and the underlying mechanism supports its potential benefits in treating allergic and autoimmune diseases, such as AD, asthma and IPF.

When we evaluated SM17 in two murine asthma models induced by ovalbumin or house dust mite, blockage of IL-25 signaling pathway by SM17 offered protection against airway resistance and type 2 immune response in the lungs. SM17 also significantly reduced immune cell infiltration into the lung and serum levels of IgE. In another 1-Fluoro-2, 4-dinitrobenzene (DNFB) driven murine atopic dermatitis model, SM17 administration could attenuate epidermal thickening and improve skin condition by suppressing Th2 immune responses and immune cell infiltration into the skin layers. We expect that targeting upstream mediators of the Th2 inflammatory cascade, such as the receptor for IL-25, will have a broader effect on reducing airway resistance as well as skin inflammation.

R&D work of SM17 was carried out in both the U.S. and China. In the U.S., an IND application for asthma was submitted in February 2022 and approved by the FDA in March 2022. The first healthy subject was successfully dosed in a first-in-human Phase I clinical trial (NCT05332834) in the U.S. in June 2022. The Phase I clinical study consisting of single ascending dose and multiple ascending dose cohorts to evaluate its

safety, tolerability and PK profile in healthy subjects was completed in 2023 with the Last Subject Last Visit (LSLV) completed in September 2023. The total number of healthy subjects enrolled in this Phase I study was 77. The clinical report was obtained in the first quarter of 2024, data from which demonstrated an overall favourable safety, tolerability and PK profile for SM17. Study results of SM17 pre-clinical work, demonstrating SM17 to be as effective as JAK1 inhibitor in treating AD in mice, were published in *Allergy*, an official journal of the European Academy of Allergy and Clinical Immunology (EAACI), on 9 April 2024.

In China, an IND application for asthma was submitted in May 2023 and was approved by the NMPA on 11 August 2023, while another IND application for AD was submitted in June 2023 and was approved by the NMPA on 8 September 2023. The first cohort of healthy subjects was successfully dosed in a Phase 1a clinical trial in China on 25 November 2023, and the Last Subject Last Visit (LSLV) was completed in May 2024. On 5 June 2024, the first patient was successfully dosed in a Phase 1b clinical trial of SM17 for the treatment of AD, and the trial is currently progressing according to the planned schedule. The Phase 1b clinical trial aims to explore the preliminary efficacy of SM17 in AD patients, as well as to study safety, tolerability and PK profiles of SM17.

The compound has the potential for treating AD, asthma, IPF and other immunological disorders.

Please also refer to the Company's announcements dated 16 February 2022, 14 March 2022, 15 June 2022, 22 May 2023, 12 June 2023, 14 August 2023, 11 September 2023, 27 November 2023 and 11 June 2024 for further information about the latest R&D progress of SM17.

SN1011

SN1011 is a third-generation, covalent reversible BTK inhibitor designed to exhibit high selectivity with prolonged but controlled drug exposure to achieve superior efficacy and good safety profile for the potentially long-term treatment of systemic lupus erythematosus (SLE), pemphigus, multiple sclerosis (MS), neuromyelitis optica spectrum disorder (NMOSD) and other rheumatology or neuro-immunological diseases. SN1011 differentiates from existing BTK inhibitors currently available in the market, such as Ibrutinib, in terms of mechanism of action, affinity, selectivity and safety.

The Phase I study (first-in-human) in Australia was conducted in 2019 while Phase I study (first-in-human) in China was conducted and completed in 2021. The studies demonstrated a good safety and PK profile. SN1011 obtained four IND approvals from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD on 27 August 2020, 23 June 2021, 19 April 2022 and 22 August 2022, respectively. Please also refer to the Company's announcements dated 14 November 2019, 29 January 2020, 29 June 2020, 1 September 2020, 15 January 2021, 24 June 2021, 23 July 2021, 7 February 2022, 20 April 2022, 9 June 2022 and 23 August 2022 for further information about the latest R&D progress of SN1011.

Other drug candidates

SM06

SM06 is a second-generation, anti-CD22 antibody that is humanised using our proprietary framework-patching technology. SM06 is a humanised version of SM03 (Suciraslimab) with a similar mechanism of action. Our in-house *in vitro* studies demonstrated SM06 to have potentially enhanced efficacy in enacting immunomodulatory effects. We are currently in the process of optimising the chemistry, manufacturing and control processes (CMC) for SM06.

SM09

SM09 is a framework-patched, humanised anti-CD20 antibody that targets an epitope different from that of other market-approved anti-CD20 antibodies such as rituximab, obinutuzumab and ofatumumab for the treatment of NHL and other auto-immune diseases.

Collaboration

We are committed to collaborating with our partners to develop the most innovative therapies to address unmet medical needs in the area of immunological diseases. Given our strong in-house research and development capabilities, we have established global collaboration relationships with reputable companies and scientific research institutions.

LifeArc is a UK-based medical research charity, whose mission is to pioneer new ways to turn great science into great patient impact. We have been entrusted by LifeArc to further develop and commercialise SM17 in all fields and worldwide. According to public information, LifeArc provides intellectual property identification, technology development, early stage drug discovery and antibody humanisation services for academia, biotechnology and pharmaceutical organisations and charities, aiming to propel promising medical researches into viable and accessible patient treatments.

Everest Medicines Limited is a listed biopharmaceutical company (stock code: 1952.HK) that integrates discovery, licensing, clinical development, commercialisation and manufacturing of potentially novel or differentiated therapies to address critical unmet medical needs in initially Asia Pacific markets, and eventually around the world. In 2021, we entered into a licence agreement with Suzhou Sinovent Pharmaceuticals Co., Ltd.* (蘇州信諾維醫藥科技股份有限公司), (now known as Evopoint Biosciences Co., Ltd.* (蘇州信諾維醫藥科技股份有限公司)), together with the Company as licensor), and Everest Medicines II (HK) Limited, a wholly owned subsidiary of Everest Medicines Limited, as licensee, to out-license the right to develop and commercialise SN1011 globally for the treatment of renal diseases.

* *for identification purposes only*

Production

We have a production base in Haikou, Hainan Province. We are also constructing our second production base in Suzhou, Jiangsu Province.

Haikou Production Base

We carry out our manufacturing activities at our Haikou production base, where we manufacture our drug candidates for pre-clinical research, clinical trials and future large-scale production. The Haikou production base occupies a total operational area of approximately 19,163 square metres with a production capacity of 1,200 litres, which is sufficient for clinical and initial marketing needs. The plant has an operational area consisting of a clean area for processing, a controlled-not-classified (CNC) area for supporting activities, utility rooms, quality control laboratories, warehouse and administrative offices and R&D laboratories for on-going and new product development projects. GMP inspection at our Haikou production base, a necessary requirement for BLA approval, was completed in January 2024.

Suzhou Production Base

As part of our commercialisation plan, we purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake Higher Education Town, China, in June 2020. The land is used for constructing the Group's PRC headquarters and another production base, and the total floor area would be approximately 75,000 square metres. The new production base is designed as commercial-scale manufacturing facilities and is currently under construction. The superstructure work was completed in December 2021. Completion inspection is expected to be approved later in 2024 for the grant of Real Estate Ownership Certificate.

Intellectual property

Core technology of main drugs (products)

For SM03 (Suciraslimab), the Group has four invention patents granted and registered in the PRC, one of which is also applicable to SM06, and four invention patents which are granted and registered in the United States, all of which are also applicable to SM06.

For SN1011, the Group has one invention patent granted and registered in the United States, one invention patent granted and registered in the European Union and one invention patent granted and vested in Australia.

For SM09, the Group has two invention patents granted and registered in the PRC, three invention patents granted and registered in the United States, and one in each of various jurisdictions, including the European Union, India, Singapore and Japan.

During the Reporting Period, the Group filed one Patent Cooperation Treaty ("**PCT**") application for SM18 and one PCT application for Suciraslimab. In addition, one invention patent was granted and registered in the PRC while two invention patents for Suciraslimab and SM06 were entering into the national phase during the Reporting Period.

As at 30 June 2024, the Group had four pending patent applications in the United States, five pending patent applications in the PRC, four pending patent applications in the European Union, and five pending PCT patent applications.

Well-known or famous trademarks

The Company conducts its business under the brand name of "SinoMab" ("**中國抗體**"). As at the end of the Reporting Period, the Group had various registered trademarks in Hong Kong and Mainland China, with multiple trademark applications pending approval in Mainland China.

Patents

Item	As at 30 June 2024	As at 31 December 2023
Number of invention patents owned by the Group*	**67**	35

* *including patent pending and granted patent*

R&D personnel

Education level	Number at the end of the Reporting Period	Number at the beginning of the Reporting Period
Ph.D.	**7**	7
Master	**28**	27
Undergraduate or below	**23**	25
Total number of R&D personnel	**58**	59

The above number of R&D personnel does not include our employees in manufacturing, quality assurance or quality control for the clinically related operation.

Future and prospects

We strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based innovative R&D team and PRC-based manufacturing capabilities. Our vision is to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

Our portfolio of drug candidates encompasses the entire immunological field which, we believe, will enable us to provide comprehensive treatment options for field-wide indications to patients. We believe our dedication, experience and achievements in the field of immunology have expedited the process, and elevated the industry standard, for the discovery and development of novel therapeutics against a variety of immunological diseases. We have accumulated significant experience in the discovery of new treatment modalities for immunological diseases, which will allow us to better capture a substantial share of the immunological disease market. We believe that our strategic specialisation and dedicated focus on immunological diseases is an effective way to differentiate ourselves from our peers. By specialising in innovative treatments of immunological diseases, we seek to solidify our leading position in the field, thereby creating a higher barrier to entry for our peers to compete with us in the development of first-in-class drug candidates.

Further, our product pipeline is backed by our established full-spectrum platform integrating in-house capabilities across the industry chain, from our strong and independent target identification, drug candidate development, pre-clinical research, clinical trials, clinical production, quality control, quality assurance, regulatory approval and commercial-scale production up to the commercialisation stage, as well as all other processes in the discovery and development of our drug candidates. We believe that this full-fledged capability is matched by only a few biopharmaceutical companies in the Greater China region. With a diverse and expanding product pipeline, we believe that we are well positioned to become an industry leader in the development of treatments for immunological diseases.

The Group will continue to focus on the advancement of our flagship product SM03 (Suciraslimab) towards commercialisation, further develop our existing product pipeline, discover and develop novel drugs for the treatment of immunological diseases by leveraging our R&D capabilities, expand our production scale to support our product commercialisation and strengthen our global presence through leveraging our position as a Hong Kong-based biopharmaceutical company.

Apart from continuously expanding our product pipeline and advancing our clinical development, we will also continue to actively explore strategic collaboration opportunities. We have developed a pipeline of pre-clinical, clinical and pre-registration stage first-in-class assets addressing various inflammatory and immunological diseases. To maximize the commercial values of our assets as well as to accelerate the development of our innovative drug candidates, we are open to collaboration, partnerships and licensing agreements with partners worldwide.

Clinical development plan

We will continue to advance clinical trials for SM03 (Suciraslimab) for RA and other autoimmune diseases. As previously mentioned, our BLA for Suciraslimab for the treatment of RA was accepted by the NMPA in September 2023. Upon BLA approval and the subsequent successful commercial launch of Suciraslimab, clinical development in other indications, including SLE, MCI due to Alzheimer's disease and Alzheimer's disease will be further advanced to broaden its therapeutic uses for addressing other unmet medical needs. Regulatory pathways to extrapolate the clinical indications of neuro-immunological diseases for Suciraslimab will also be sought. The initiation of an IND application and proof-of-concept Phase II clinical study for SLE in China is also in our plan.

In respect of SM17, the first-in-human Phase I clinical trial in the U.S. was completed in 2023. The Last Subject Last Visit (LSLV) was completed in September 2023 and the total number of healthy subjects enrolled in the Phase I clinical trial was 77. The clinical report was obtained in the first quarter of 2024 which demonstrated an overall favourable safety, tolerability and PK profile for SM17. Two additional IND submissions, for the treatment of asthma and AD were filed with the NMPA in the first half of 2023 and were subsequently approved by the NMPA on 11 August 2023 and 8 September 2023, respectively. The first cohort of healthy subjects was successfully dosed in a Phase 1a clinical trial in China on 25 November 2023 and the Last Subject Last Visit (LSLV) was completed in May 2024. During the Reporting Period, the first patient was successfully dosed in a Phase 1b clinical trial in China for the treatment of AD. The Phase I clinical trial aims to evaluate safety, tolerability, immunogenicity, PK and pharmacodynamics ("**PD**") profiles of SM17 as well as to explore the preliminary efficacy of SM17 in healthy subjects and AD patients. We also plan to submit IND applications in both the U.S. and China for the treatment of IPF with SM17.

Pre-clinical R&D

We have built a pre-clinical R&D platform for studying pathogenesis of autoimmune diseases, as well as exploring and identifying treatments for them. Our internal R&D team will continue to discover novel mechanisms for treatments of multiple autoimmune disease areas for rheumatology, neuro-immunology, respiratory and dermatology. Our R&D team possesses the capability of generating pre-clinical pharmacology internally and is developing in-depth collaboration with well-known clinical KOLs from our on-

going clinical programs. By utilising established business and cooperation relationship with vendors and partners, the Company is in the process of generating and collecting the IND-enabling data package for our products under pre-clinical development, such as SM06, and will thereafter conduct pre-clinical studies to test their efficacies, safety and PK/PD, and fulfil other regulatory requirements.

Our SM06 is currently at the IND enabling stage and is in the process of optimisation for clinical trials. We will advance the first IND application process, aiming for a bio-better product development for known indications based on the good therapeutic potential of Suciraslimab, as well as further exploration into other immunological diseases.

The Company continues to optimise production and pre-clinical research for SM09. The Company will engage the NMPA and/or the FDA to initiate clinical trials upon completion of these pre-clinical researches.

Apart from the above mentioned SM06 and SM09, our potential drug candidates under pre-clinical stage also include SM18, SM32 and SM20/SM22.

Novel drug targets identification

The Company has been actively exploring novel targets identification and has developed a strong team of R&D talents with a mix of resources that instill an innovative culture at all levels. Led by the Chief Executive Officer of the Company, who also undertakes the function of the Chief Scientific Officer, the research team has established five strategic in-house platforms, namely, the "B-cell Therapeutic Platform", "Alarmins-pathway Therapeutic Platform", "Selective-T Cell Therapeutic Platform", "Neurological Disease Platform" and "Antibody Framework-Patching Humanisation Platform" that allow the Company to continuously identify novel drug targets and develop new antibody candidates, broadening and enriching our product pipelines for other autoimmune diseases with unmet medical needs. SM18, SM32 and SM20/SM22 are all candidates derived from the above platforms.

Production

As previously reported, the Group purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake Higher Education Town in China in June 2020. The land is used for constructing the Group's PRC headquarters and another production base, and the total floor area would be approximately 75,000 square metres. The superstructure work was completed in December 2021. Completion inspection is expected to be approved in later 2024 for the grant of Real Estate Ownership Certificate.

Commercialisation and Partnerships

As of the Reporting Period, we have established a marketing team, and plan to continue to expand the sales and marketing team. In addition, we are actively exploring and identifying opportunities for collaboration and/or partnership, including but not limited to licensing in or licensing out, to enhance our sales and business development capabilities.

MARKET OVERVIEW

Rheumatoid Arthritis (RA)

According to Frost & Sullivan, the global market for autoimmune disease drugs is expected to increase from US$120.5 billion in 2020 to US$163.8 billion in 2030, at a compound annual growth rate (CAGR) of 3.1%. The overall scale of existing patients with autoimmune diseases in China is huge. According to "*Rheumatoid Arthritis in China: A National Report of 2020*" issued by the National Clinical Research Center for Dermatologic and Immunologic Diseases in October 2021, there are about 5 million RA patients in China. With the continuous improvement of the diagnosis and treatment rate of autoimmune diseases in China and the continuous progress of related medical technologies, the market size of RA in China is expected to expand rapidly. According to Frost & Sullivan, the RA therapeutics market in the PRC is expected to reach RMB32.8 billion by 2024 and RMB83.3 billion by 2030, or at a CAGR of 16.8%. The biologics market share in the RA therapeutics market in the PRC is expected to increase from 43.4% in 2024 to 59.8% in 2030. We have been focusing on the R&D of mAb drugs in the field of autoimmune diseases for more than 20 years and our existing product pipeline covers all indications in the field of autoimmune diseases. We are one of a few biopharmaceutical companies in China with full-fledged capability that integrates all-industry functionalities, including R&D, production and commercialisation. Once Suciraslimab receives NMPA marketing approval, leveraging the first-mover advantage of the first-in-class status of Suciraslimab and its competitive advantage in its better safety profile over existing and potential market competitors, coupled with our targeted sales and marketing strategy and execution, we believe that we can successfully launch Suciraslimab, which will be an important milestone in the development of the Group.

Atopic Dermatitis (AD)

As a long-standing chronic disease, new cases of AD are growing rapidly globally with broad market potential. Patients with AD have an increasing all-cause mortality rate and disease-specific mortality rate in diseases, such as infections, respiratory diseases, gastrointestinal diseases, and oncological diseases. Currently approved therapies for AD, including biologics, can significantly improve eczema area and severity index and patient's quality of life. However, there is still an unmet medical need for patients showing irresponsiveness to those approved therapies. According to Frost & Sullivan, there were approximately 65.7 million AD patients in China in 2019 with an expected growth to 81.7 million in 2030, of which 30% being moderate-to-severe patients. The AD medicine market in China was valued at US$600 million in 2019, and is expected to reach US$1.5 billion in 2024, further increasing to US$4.3 billion in 2030. According to a report by Grand View Research, Inc., the global market size for AD is estimated to reach US$27.7 billion by 2030. We believe the mechanism of action of SM17 by targeting upstream of the Th2 inflammatory cytokine pathway, such as IL-25 receptor, will have broad effects on skin inflammation, implicating a great potential for SM17 to be a differentiating, safer and more effective product for the treatment of AD.

Asthma

The number of asthma patients worldwide is increasing year by year, and a large patient base is in urgent need of effective therapeutic drugs. According to Frost & Sullivan, the number of asthma patients worldwide is expected to increase to approximately 860 million in 2030, of which 78.1 million will be in China, a country with a higher growth rate than that for the global patient population. Severe, uncontrolled asthma patients are at risk of recurrent asthma exacerbations and hospitalisations, and uncontrolled severe asthma is associated with increased mortality/morbidity, diminished quality of life and increased health expenditures. Current approved therapies for severe asthma, including biologics, can reduce asthma exacerbations to a certain extent. However, there is still an unmet medical need for additional effective therapies, particularly for patients who do not respond to current treatments. We believe the mechanism of action of SM17 by targeting upstream of the Th2 inflammatory cytokine pathway, such as IL-25 receptor, will have broad effects on airway inflammation, which is expected to provide a new therapeutic channel with efficacy and safety for asthma diseases and bring relief and treatment to asthma patients.

STRATEGIC IN-HOUSE PLATFORMS FOR ESTABLISHING STRONG PIPELINE

We have developed several proprietary, innovative technological and therapeutic platforms, allowing us to identify novel antibody candidates that are specific for novel targets and have the potential to achieve therapeutic effects via novel mechanisms of actions.

B-cell Therapeutic Platform

The Company was established with an initial focus on developing therapeutics that target B cells. As more and more data accumulated and the functions of these B cell antigens/targets and the roles of B cells played in the immune system were better understood, B cells' potential for treating autoimmune diseases has become prominent — forming our bases for "B cell therapy approach". There are possibilities of use in combination of our different products developed on our B cell therapeutic platform in the future. These antigens and targets include:

a. CD22 — our SM03 (Suciraslimab) and SM06, each an anti-CD22 antibody, were developed under our B-cell therapeutic platform.

b. CD20 — our SM09, a novel, framework-patched, humanised anti-CD20 antibody, was developed under our B-cell therapeutic platform.

c. BTK — our SN1011, a third-generation covalent reversible BTK inhibitor, was developed to maximise the therapeutic benefits of B cell therapy.

Alarmins-pathway Therapeutic Platform

The immune system is an interplay between different cell lineages and factors, but the majority of which include B cells, T cells and cytokines. Albeit our good coverage on B cell specific targets, there are other areas we need to fill in order to address other immune related ailments. While most cytokines are well studied, and products against which have been approved, there emerges a new class of factors known as alarmins that are upstream of the immune pathway and have not been well studied. These alarmins play crucial roles in autoimmune diseases involving the respiratory tract and dermatological tissues such as asthma, AD, IPF, and so on.

IL-25 is one of the three alarmins that targets a particular receptor called IL-17RB. Our SM17 is a humanised, IgG4-κ mAb targeting the receptor for IL-25 (also known as IL-17RB), which was developed under our alarmins-pathway therapeutic platform.

Selective-T Cell Therapeutic Platform

Our pipeline covers B cells, alarmins/cytokines, and another major piece in the immunotherapy portfolio — T cells. The T-cell associated receptor is not well researched in the biopharma area as its function is promiscuous. We have developed a platform to isolate antibodies that have selective binding to T-cell associated receptors, resulting in the identification of a battery of antibodies with differentiated functionality covering a wide range of immunological diseases.

Neurological Disease Platform

In 2019, there was a paper published in the journal *Nature* that demonstrated that anti-CD22 antibody would have therapeutic effects on degenerative neurological disease in a murine model. We researched the possibility of using SM03 (Suciraslimab) for treating MCI due to Alzheimer's disease and Alzheimer's disease and found that CD22 is significantly expressed in microglia and other neurological cells.

The discovery that our anti-CD22 antibody can induce the internalisation of Aβ protein has led to the development of bispecific antibodies that target the anti-inflammatory cell surface antigens and Aβ protein for treating Alzheimer's disease and other neurological diseases. Product candidates are descendants of the SM03 (Suciraslimab)/SM06 lineage.

Antibody Framework-Patching Humanisation Platform

Most antibodies are produced in a murine background, and antibody humanisation (a genetic engineering approach) is needed to convert the murine sequence into human sequence without affecting the affinity and specificity of the original antibody (parent antibody). We employ a novel approach known as "framework-patching" to introduce "human-ness" in a functional perspective (functional humanisation). Our SM06 and SM09 antibodies were humanised using this novel, proprietary technology unique to the Company.

FINANCIAL REVIEW

Other income and gains

Our other income and gains consist primarily of bank interest income, changes in fair value on a financial asset at fair value through profit or loss and government grants. Total other income and gains were approximately RMB4.3 million for the Reporting Period, representing a decrease of approximately RMB2.8 million from the six months ended 30 June 2023, which was mainly due to a decrease in government grants of approximately RMB2.3 million.

R&D costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Laboratory consumables and experiment costs	**26,120**	34,336
Employment costs	**18,984**	23,368
Others	**9,931**	9,046
	55,035	66,750

Our R&D costs mainly include laboratory consumables and experiment costs, employment costs of R&D employees, depreciation of right-of-use assets relating to leases of research facilities and depreciation of research and testing equipment.

For the six months ended 30 June 2024 and 2023, we incurred R&D costs of approximately RMB55.0 million and RMB66.8 million, respectively. The decrease in R&D costs during the Reporting Period was mainly attributable to (i) a decrease in laboratory consumables and experiment costs of approximately RMB8.2 million after acceptance of BLA for Suciraslimab in September 2023 and receiving the clinical report for SM17's first-in-human Phase I clinical trial in the U.S. in the first quarter of 2024, and (ii) a decrease in employment costs of R&D employees of approximately RMB4.4 million mainly due to simplification of our clinical team for better efficiency.

Administrative expenses

Our administrative expenses primarily consist of employee costs of administrative personnel, depreciation of right-of-use assets relating to leases of office space, depreciation and amortisation, rental and property management fees, consulting and auditing fees, legal and other professional advisory service fees, office expenses, transportation costs and others.

For the six months ended 30 June 2024 and 2023, our total administrative expenses were approximately RMB34.2 million and RMB50.2 million, respectively. The decrease was mainly due to (i) a decrease in the non-cash share-based payment expenses of approximately RMB7.5 million, and (ii) a decrease in deprecation and amortisation expenses of approximately RMB3.9 million in the Reporting Period.

Other expenses

For the six months ended 30 June 2024, there was a foreign exchange loss, net, of approximately RMB2.9 million. During the Reporting Period, most of the Group's cash and cash equivalents were denominated in RMB. The majority of the exchange loss, which was caused by the difference of the functional currency of the Hong Kong headquarters in HKD and the presentation currency of the Group in RMB, did not represent the Company's actual loss.

Liquidity and capital resources

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet its future development demands for capital.

As at 30 June 2024, total funding available to use including cash and cash equivalents, pledged and restricted deposits and structured deposit is RMB220.0 million, compared to RMB233.1 million as at 31 December 2023.

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cash and cash equivalents	**153,617**	203,664
Pledged and restricted deposits	**56,353**	29,439
Structure deposit (included in the financial assets at fair value through profit or loss)	**10,052**	–
Total funding available to use	**220,022**	233,103

The net decrease of approximately RMB13.1 million was mainly due to (i) the net proceeds from issue of shares of approximately RMB56.6 million; (ii) the increase in net bank borrowings of approximately RMB43.9 million, offset by (iii) spending on capital expenditures of approximately RMB28.1 million and (iv) the net cash used in operating activities of approximately RMB70.6 million in the Reporting Period.

The following table sets forth a condensed summary of the Group's interim condensed consolidated statement of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods ended indicated:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash flows used in operating activities	**(70,587)**	(62,750)
Net cash flows used in investing activities	**(76,390)**	(61,942)
Net cash flows from financing activities	**93,446**	42,044
Net decrease in cash and cash equivalents	**(53,531)**	(82,648)
Cash and cash equivalents at the beginning of the period	**203,664**	345,712
Effect of foreign exchange rate changes, net	**3,484**	19,146
Cash and cash equivalents at the end of the period	**153,617**	282,210
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**153,617**	286,463
Bank balances restricted for special purpose	**–**	(4,253)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**153,617**	282,210

As at 30 June 2024, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Bank borrowings and gearing ratio

As at 30 June 2024, the Group's outstanding borrowings of RMB423.8 million (31 December 2023: RMB391.4 million) were denominated in RMB and at the effective interest rate ranging from 3.15% to 3.90% (31 December 2023: 3.30% to 4.05%) per annum.

As at 30 June 2024, the amount of unutilised banking facilities of the Group is approximately RMB543.7 million.

The Group monitored capital using gearing ratio. Gearing ratio is calculated using interest-bearing bank borrowings less total funding available to use divided by total equity and multiplied by 100%. As at 30 June 2024, the gearing ratio was 73.6% (31 December 2023: 53.5%).

Pledge of assets

As at 30 June 2024, land use right and construction in progress of net carrying amount of approximately RMB327.0 million was pledged to secure the bank loan borrowed by the Group (31 December 2023: RMB323.6 million). In accordance with the agreement with the bank, the maximum amount of pledge is RMB158.4 million.

Capital commitments

Particulars of capital commitments of the Group as at 30 June 2024 are set out in the interim condensed consolidated financial information.

Contingent liabilities

As at 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

Significant investments held and disposed

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 30 June 2024.

Global offering and use of proceeds

On 12 November 2019, the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") and the Company raised net proceeds of HK$1,272.8 million ("**Net Proceeds**").

As at 30 June 2024, the unutilised balance of Net Proceeds was approximately HK$98.0 million. In respect of the use of proceeds in the Company's prospectus dated 31 October 2019 (the "**Prospectus**") and subsequent change in use of proceeds as disclosed in the announcements dated 22 July 2020, 14 August 2020, 21 March 2022, 20 March 2023 and 25 March 2024, the Board resolved to change the use of unutilised Net Proceeds.

Change in use of proceeds raised from the Listing

As a result of an enhanced procurement process of the Group, the current estimated expenditure on purchase of laboratory equipment and construction of an upstream production facility and downstream purification facility is less than the original estimation.

To better use the unutilised Net Proceeds, the Company proposes to reallocate a total of HK$15.0 million, among which HK$10.0 million from the use of proceeds from "For the purchase of laboratory equipment, primarily for the R&D of SM03 and potentially for the R&D of other products in our pipeline" under "*For the construction of our Suzhou production base primarily for the commercial-scale production of our core product SM03*" and HK$5.0 million from the use of proceeds from "For the construction of an upstream production facility and downstream purification facility" under "*For the construction of the Suzhou production base*", to "*For our working capital, expanding internal capabilities and other general corporate purposes*".

The Board considered the impact of the proposed change in the use of the proceeds on the Group's business and believes that, in view of the Group's operation and business development, the reallocation of the unutilised Net Proceeds would be appropriate and would facilitate efficient allocation of financial resources and strengthen the future development of the Group, and is therefore in the interests of the Company and its shareholders as a whole.

To strive for better business performance of the Group, the Board will continuously assess the use of unutilised Net Proceeds and may revise or amend the plan for the use of the unutilised net proceeds where necessary in respond to the changing market conditions.

Save for the above, there is no other change in the use of Net Proceeds.

Use of proceeds	**Planned applications** [(Note 1)] *(HK$ million)*	**Revised allocation** *(HK$ million)*	**Actual utilisation up to 30 June 2024** *(HK$ million)*	**Unutilised Net Proceeds as at 30 June 2024** *(HK$ million)*	**Expected timeline for full utilisation of the unutilised Net Proceeds** [(Note 2)]
For the R&D and commercialisation of our drug candidates					
For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; (ii) additional clinical trials to be initiated in the PRC for additional indications; (iii) clinical trials in Australia and the United States; and (iv) New Drug Application registration filings and the commercial launch of SM03	250.9	250.9	245.4	5.5	By the end of 2024
To fund pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline	299.4	299.4	294.0	5.4	By the end of 2024
To further advance our R&D programmes, expand our R&D team, build our commercialisation team, develop our proprietary technology and enhance our full-spectrum platform	52.4	52.4	52.4	–	N/A
For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio	99.9	99.9	93.2	6.7	N/A [(Note 3)]
For the construction of our Suzhou production base primarily for the commercial-scale production of our core product SM03					
For the purchase of laboratory equipment, primarily for the R&D of SM03 and potentially for the R&D of other products in our pipeline	85.8	75.8	61.9	13.9	By the end of 2024
For the purchase of manufacturing equipment, primarily for the production of SM03	59.7	59.7	22.4	37.3	By the end of 2024

Use of proceeds	Planned applications [Note 1] *(HK$ million)*	Revised allocation *(HK$ million)*	Actual utilisation up to 30 June 2024 *(HK$ million)*	Unutilised Net Proceeds as at 30 June 2024 *(HK$ million)*	Expected timeline for full utilisation of the unutilised Net Proceeds [Note 2]
For the construction of the Suzhou production base					
For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of rheumatoid arthritis, systemic lupus erythematosus, non-Hodgkin's lymphoma and other potential indications, R&D of SM03 at commercialisation to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline	87.6	87.6	87.6	–	N/A
For the construction of an upstream production facility and downstream purification facility	28.2	23.2	16.5	6.7	By the end of 2024
For the purchase of land from the Suzhou Dushu Lake Higher Education Town and other expenses related to the expansion of our Suzhou production base	107.9	107.9	105.0	2.9	By the end of 2024
For our working capital, expanding internal capabilities and other general corporate purposes	162.2	177.2	157.6	19.6	N/A
Collaboration with D2M Group	38.8	38.8	38.8	–	N/A
Total	1,272.8	1,272.8	1,174.8	98.0	

Notes:

(1) Planned applications as revised and disclosed in the Company's announcements dated 22 July 2020, 14 August 2020, 21 March 2022, 20 March 2023 and 25 March 2024.

(2) The expected timeline for utilising the unutilised Net Proceeds is based on the best estimation made by the Group. It is subject to change based on the future development and events which may be outside of the Group's control.

(3) As the discovery and development of new drug candidates not currently in pipeline is a continuous and ongoing process, the Company is unable to set out a detailed timeline for the utilisation of such Net Proceeds.

(4) SM03 refers to SM03 (Suciraslimab), the flagship product of the Company.

Such utilisation of the Net Proceeds was in accordance with the planned applications as set out in the above. The unutilised portion of the Net Proceeds will be applied in a manner consistent with the above planned applications.

Use of proceeds from new share subscriptions under general mandate

2022 Share Subscriptions

On 16 November 2022, the Company completed an issue of 28,680,000 new ordinary shares at a subscription price of HK$1.78 per share and raised net proceeds of approximately HK$50,890,400 (the "**2022 Subscriptions**").

References are made to the Company's announcements dated 2 November 2022, 7 November 2022, 16 November 2022 and 20 March 2023.

Details of the planned applications of the net proceeds from the 2022 Subscriptions were disclosed in the Company's announcement dated 7 November 2022 and subsequently revised and disclosed in the Company's announcement dated 20 March 2023. The following table sets out the planned applications of the net proceeds and the actual usage up to 30 June 2024:

Use of proceeds	Planned application *(HK$ million)*	Details of usage	Actual utilisation up to 30 June 2024 *(HK$ million)*	Unutilised net proceeds as at 30 June 2024 *(HK$ million)*	Expected timeline for full utilisation of the unutilised net proceeds *(Note 1)*
(i) For the R&D and commercialisation of our drug candidate	39.6	For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; and (ii) New Drug Application registration filings and the commercial launch of SM03.	31.9	7.7	By the end of 2024
(ii) Further advance the Company's R&D programmes, expand its R&D team, build its commercialisation team, develop its proprietary technology and enhance its full-spectrum platform	0.2	For R&D programmes of SN1011, especially for the Phase II clinical study for neuromyelitis optica spectrum disorder (NMOSD) in China, for the trial expense and related production cost.	0.2	–	N/A
	4.0	To fund the expansion of R&D team.	0.7	3.3	By the end of 2024
	2.0	To build the Company's commercialisation team, develop its proprietary technology and enhance the Company's full-spectrum platform.	1.1	0.9	By the end of 2024
(iii) For general working capital purpose	5.1	For the general working capital of the Group, including but not limited to staff employment cost and rental and property management fees.	4.5	0.6	By the end of 2024
Total	50.9		38.4	12.5	

Notes:

1. The expected timeline for utilisation of the unutilised net proceeds is based on the estimation made by the Group and is subject to change based on the future development and events which may be outside the Group's control.

2. SM03 refers to SM03 (Suciraslimab), the flagship product of the Company.

Such utilisation of the net proceeds was in accordance with the planned applications as set out in the above. The unutilised portion of the net proceeds will be applied in a manner consistent with the above planned applications.

2023 Share Subscriptions

The Company completed an issue of 48,322,093 new ordinary shares and 8,512,626 new ordinary shares at a subscription price of HK$1.29 per share on 12 January 2024 and 31 January 2024, respectively, and raised net proceeds of approximately HK$73,181,794 (the "**2023 Subscriptions**").

References are made to the Company's announcements dated 14 December 2023, 12 January 2024 and 31 January 2024. The following table sets out the planned applications of the net proceeds and the actual usage up to 30 June 2024:

Use of proceeds	**Planned application** *(HK$ million)*	**Actual utilisation up to 30 June 2024** *(HK$ million)*	**Unutilised net proceeds as at 30 June 2024** *(HK$ million)*	**Expected timeline for full utilisation of the unutilised net proceeds** *(Note 1)*
For marketing and commercialisation, including establishment of a sales and marketing team, post commercialisation medical activities and marketing and academic promotion activities for Susciralimab	25.6	0.9	24.7	By the end of 2025
For commercial production and post-launch site transfer for Susciralimab	14.6	–	14.6	By the end of 2025
For BLA commercialisation application and extension study for Susciralimab	11.0	0.8	10.2	By the end of 2025
For clinical trials of Susciralimab for the treatment of mild cognitive impairment (MCI)	11.0	–	11.0	By the end of 2025
For clinical studies for SM17 for the treatment of atopic dermatitis	11.0	6.7	4.3	By the end of 2025
Total	73.2	8.4	64.8	

Note:

1. The expected timeline for utilisation of the unutilised net proceeds is based on the best estimation made by the Group and is subject to change based on the future development and events which may be outside the Group's control.

Such utilisation of the net proceeds was in accordance with the planned applications as set out in the above. The unutilised portion of the net proceeds will be applied in a manner consistent with the above planned applications.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with each of the Directors, all the Directors confirmed that they had complied with such code of conduct throughout the Reporting Period and to the date of this announcement.

PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS

The financial information relating to the year ended 31 December 2023 included in this preliminary results announcement does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

- The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2023. The auditor's report was unqualified and not modified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential to providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has applied the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2024.

The Board is of the view that during the six months ended 30 June 2024, the Company has complied with all applicable code provisions as set out in the CG Code, save for the deviation as disclosed below.

Pursuant to code provision C.2.1 in the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Shui On LEUNG ("**Dr. Leung**") is currently both the chairman and the chief executive officer of the Company. The Board believes that Dr. Leung, being the founder and the chief executive officer of the Company, has extensive understanding of the Company's business. The joining of Mr. Shanchun WANG as the executive Director and President (China) of the Company who is responsible for overseeing and managing the Group's overall operation, including production and commercialisation, as well as clinical development, in China, has also greatly supported Dr. Leung in his focus on research & development, business development and strategic opportunity exploration and identification for the Group, and thus Dr. Leung is the Director best suited, among all Directors, to act as the chief executive officer. The Board further believes that the combined role of chairman and chief executive officer will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decisions to be made by the Board require approval by at least a majority of the Directors; (ii) Dr. Leung and other Directors are aware of and have undertaken to fulfil their fiduciary duties as Directors, which require, amongst other things, that they act for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is protected by the operations of the Board, which consists of two executive Directors (Dr. Leung and Mr. Shanchun WANG who was appointed as an executive Director in February 2024), five non-executive Directors and four independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategies and other key business, financial, and operational policies of the Company are made collectively after thorough discussions at both the Board and senior management levels. Therefore, the Board considers that it is in the best interests of the Group for Dr. Leung to take up both roles for business development and effective management, and the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances.

Save as disclosed in this announcement, from 1 January 2024 to 30 June 2024, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules.

INTERIM DIVIDENDS

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2024 (2023: Nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024** ***RMB'000*** **(unaudited)**	2023 *RMB'000* (unaudited)
REVENUE	*3*	**2,026**	1,365
Cost of sales		**(1,483)**	(943)
Gross profit		**543**	422
Other income and gains		**4,319**	7,155
Research and development costs		**(55,035)**	(66,750)
Administrative expenses		**(34,205)**	(50,200)
Finance costs		**(3,287)**	(3,202)
Other expenses	*4*	**(2,957)**	(21,521)
LOSS BEFORE TAX		**(90,622)**	(134,096)
Income tax expense	*5*	**–**	–
LOSS FOR THE PERIOD		**(90,622)**	(134,096)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*6*	**(0.08)**	(0.13)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
LOSS FOR THE PERIOD	**(90,622)**	(134,096)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation to the presentation currency	**3,664**	20,194
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(86,958)**	(113,902)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024** ***RMB'000*** **(unaudited)**	31 December 2023 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**486,762**	463,914
Right-of-use assets		**65,868**	72,860
Intangible assets		**1,173**	1,844
Deposits		**1,099**	1,100
Other non-current assets		**20,844**	37,885
Total non-current assets		**575,746**	577,603
CURRENT ASSETS			
Prepayments, deposits and other receivables		**14,848**	6,087
Financial assets at fair value through profit or loss	*8*	**41,238**	30,993
Pledged and restricted deposits		**56,353**	29,439
Cash and cash equivalents		**153,617**	203,664
Total current assets		**266,056**	270,183
CURRENT LIABILITIES			
Other payables and accruals		**85,471**	101,395
Lease liabilities		**11,441**	4,663
Interest-bearing bank borrowings	*9*	**105,784**	66,588
Total current liabilities		**202,696**	172,646
NET CURRENT ASSETS		**63,360**	97,537
TOTAL ASSETS LESS CURRENT LIABILITIES		**639,106**	675,140
NON-CURRENT LIABILITIES			
Lease liabilities		**44,183**	54,750
Interest-bearing bank borrowings	*9*	**317,993**	324,807
Total non-current liabilities		**362,176**	379,557
Net assets		**276,930**	295,583
EQUITY			
Equity attributable to owners of the parent			
Share capital	*10*	**1,790,094**	1,725,211
Reserves		**(1,513,164)**	(1,429,628)
Total equity		**276,930**	295,583

NOTES

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The financial information relating to the year ended 31 December 2023 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements for the year ended 31 December 2023. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contract with a customer	**2,026**	1,365

Disaggregated revenue information

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Type of goods		
Sales of capsules	**2,026**	1,365
Geographical market		
Chinese Mainland	**2,026**	1,365
Timing of revenue recognition		
Goods transferred at a point in time	**2,026**	1,365

Notes:

(i) On 19 December 2022, the Company entered into a capsule sales agreement with Everest Medicines II (HK) Limited ("**Everest**") to sell the capsule which is the Bruton's tyrosine kinase ("**BTK**") inhibitor. In April 2024, the Company supplied capsules and recognised the corresponding revenue and costs.

(ii) The performance obligation is satisfied upon delivery of the capsule products.

4. OTHER EXPENSES

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Foreign exchange loss, net	**2,890**	19,974
Others	**67**	1,547
Total other expenses	**2,957**	21,521

5. INCOME TAX

No Hong Kong profits tax has been made as the Company did not generate any assessable profit during the period (six months ended 30 June 2023: Nil).

Under the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**") and Implementation Regulation of the EIT Law, the estimated tax rate of the Group's subsidiaries in Chinese Mainland is 25% during the periods presented in the consolidated financial statements. No Enterprise Income tax under EIT Law was provided for as there was no estimated assessable profit of the Group's subsidiaries in Chinese Mainland during the periods presented in the consolidated financial statements.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Deferred taxation had not been recognised on the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

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

The calculation of the basic loss per share amounts is based on the consolidated loss for the period attributable to ordinary equity holders of the parent of RMB90,622,000 (six months ended 30 June 2023: RMB134,096,000), and the weighted average number of ordinary shares of 1,071,475,873 (six months ended 30 June 2023: 1,017,964,900) in issue during the period, as adjusted to exclude the shares held under the share award scheme of the Company.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2024 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented (six months ended 30 June 2023: no potentially dilutive ordinary shares in issue).

7. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 30 June 2024 and 2023.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**30 June 2024** ***RMB'000*** **(unaudited)**	31 December 2023 *RMB'000* (audited)
Unlisted equity investment, at fair value		**31,186**	30,993
Structured deposit	*(i)*	**10,052**	–
Total financial assets at fair value through profit or loss		**41,238**	30,993

Note:

(i) The structured deposit was mandatorily classified as financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest. The Group has estimated the fair value of the structured deposit based on fair value provided by the financial institution. As of 30 June 2024, the maturity of the structured deposit is within one month, with an expected return rate ranging from 1.50% to 2.65% per annum.

9. INTEREST-BEARING BANK BORROWINGS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current		
Unsecured bank borrowings	**150,663**	152,464
Secured bank borrowing	**167,330**	172,343
Total — non-current	**317,993**	324,807
Current		
Unsecured bank borrowings	**35,560**	34,723
Secured bank borrowing	**70,224**	31,865
Total — current	**105,784**	66,588
Total	**423,777**	391,395
Bank borrowings repayable analysed into:		
Within one year	**105,784**	66,588
In the second year	**84,738**	47,600
In the third to fifth years, inclusive	**233,255**	277,207
Total	**423,777**	391,395

Notes:

(a) The Group's overdraft facilities amounted to RMB1,015,555,000 (31 December 2023: RMB907,555,000), of which RMB471,843,000 (31 December 2023: RMB409,657,000) had been utilised as at the end of the reporting period.

(b) Certain of the Group's bank borrowings are secured by:

(i) mortgages over the Group's land use right and construction in progress, which had a net carrying value at the end of the reporting period of approximately RMB326,996,000 (31 December 2023: RMB323,619,000). In accordance with the agreement with the bank, the maximum amount of pledge is RMB158,400,000.

(ii) the pledge of certain of the Group's deposits amounting to RMB43,473,000 (31 December 2023: RMB5,000,000).

(c) All borrowings are denominated in RMB.

(d) The interest rates of the bank borrowings as at 30 June 2024 ranged from 3.15% to 3.90% (31 December 2023: 3.30% to 4.05%) per annum.

10. SHARE CAPITAL

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Issued and fully paid:		
1,091,755,119 (2023: 1,034,920,400) ordinary shares	**1,790,094**	1,725,211

Note:

On 14 December 2023, the Company entered into fifteen subscription agreements with fifteen subscribers for the issuance of an aggregate of 56,834,719 new ordinary shares at a subscription price of HK$1.29 per share. The Company completed an issue of 48,322,093 new ordinary shares for thirteen subscription agreements and 8,512,626 new ordinary shares for two subscription agreements on 12 January 2024 and 31 January 2024 respectively. The net proceeds amounting to approximately HK$73,181,794 were settled as of 31 January 2024.

An aggregate of 56,834,719 shares, represents (i) approximately 5.49% of the issued share capital of the Company immediately before the completion of the share subscription; and (ii) approximately 5.21% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares.

REVIEW OF INTERIM RESULTS

The independent auditor of the Company, Ernst & Young, has reviewed the interim condensed consolidated financial information in accordance with the 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 currently comprises four independent non-executive Directors being Mr. Ping Cho Terence HON (Chairman), Mr. George William Hunter CAUTHERLEY, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended 30 June 2024) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

PUBLICATION OF CONDENSED CONSOLIDATED INTERIM RESULTS AND 2024 INTERIM REPORT ON WEBSITES OF STOCK EXCHANGE AND COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinomab.com). The 2024 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and/or published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of
SinoMab BioScience Limited
Dr. Shui On LEUNG
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 19 August 2024

As at the date of this announcement, the executive Directors are Dr. Shui On LEUNG and Mr. Shanchun WANG, the non-executive Directors are Dr. Haigang CHEN, Mr. Xun DONG, Dr. Wenyi LIU, Mr. Lei SHI and Dr. Jianmin ZHANG, and the independent non-executive Directors are Mr. George William Hunter CAUTHERLEY, Mr. Ping Cho Terence HON, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER.