康宁杰瑞
ALPHAMAB ONCOLOGY

2021 INTERIM REPORT

ALPHAMAB ONCOLOGY
康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)
Stock code : 9966

Contents

Definitions and Glossary of Technical Terms

"3D Medicines"	3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司), a company incorporated under the laws of the PRC on December 22, 2014, an Independent Third Party collaborating with us in the development of KN035
"Advantech I"	Advantech Capital Investment I Limited, a company incorporated in the Cayman Islands
"Advantech II"	Advantech Capital II AlphaMab Partnership L.P., a limited partnership registered in the Cayman Islands
"ASCO"	American Society of Clinical Oncology
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"bispecific"	in reference to antibodies, antibodies that combine two antigen-recognizing elements into a single construct, able to recognize and bind to two different antigens (or epitopes)
"BLA"	biologic license application
"Board"	the board of directors of our Company
"BsAb"	bispecific monoclonal antibody
"BTC"	biliary track cancer
"BVI"	the British Virgin Islands
"cGMP"	current good manufacturing practice
"China" or "PRC"	the People's Republic of China, and for the purpose of this interim report only, except where the context requires otherwise, excluding Hong Kong, Macau and Taiwan
"CMC"	chemistry, manufacturing and controls processes in the development, licensure, manufacturing and ongoing marketing of pharmaceutical products

"Company", "our Company" or "the Company"	Alphamab Oncology (康寧傑瑞生物製藥), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 28, 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 requires otherwise, refers to Dr. Xu and/or Rubymab
"Core Products"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this interim report, our Core Products refer to KN046 and KN026
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"CRAM platform"	the charge repulsion induced antibody mixture platform, used to engineer antibody mixtures
"CRIB platform"	the charge repulsion improved bispecific platform, used to engineer heterodimeric Fc-based BsAbs
"CTLA-4"	cytotoxic T-lymphocyte-associated protein 4, a protein expressed on all T-cells but which is expressed at the highest level on regulatory T-cells (Treg) and contributes to the suppressor function of Treg and acts as an off-switch to T-cell immune response to cancer cells
"deficient mismatch repair" or "dMMR"	ability of a cell in correcting mistakes made when DNA is copied in a cell mismatch repair deficient cells usually have many DNA mutations, which may lead to cancer
"Director(s)" or "our Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"Dr. Xu"	Dr. Xu Ting (徐霆), the founder, chairman, executive Director and chief executive officer of our Company
"Dr. Xu's Family Trust"	a discretionary family trust established by Dr. Xu as settlor for the benefits of Dr. Xu's family members, of which South Dakota Trust is a trustee

"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"ESCC"	esophageal squamous cell carcinoma
"ESMO Congress 2021"	the European Society for Medical Oncology Congress 2021, an influential oncology platform designed in Europe for clinicians, researchers, patient advocates, journalists and healthcare industry representatives from all over the world
"EU"	the European Union
"FDA"	the U.S. Food and Drug Administration, a federal agency of the U.S. Department of Health and Human Services responsible for regulating food and drugs
"FVTPL"	fair value through profit or loss
"GC"	gastric cancer
"GEJ"	gastroesophageal junction cancer
"Group" or "our Group" or "we"	our Company and all of our subsidiaries or, where the context so requires, any companies that became our subsidiaries as part of the reorganization and the oncology businesses operated by such subsidiaries or their predecessors, Suzhou Alphamab (as the case may be)
"HCC"	hepatocellular carcinoma
"HER2"	human epidermal growth factor receptor 2
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board

"immune checkpoint inhibitor(s)" or "ICI(s)"	molecules that release the natural brakes of immune response
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China and clinical trial notification in Australia
"Independent Third Party(ies)"	party or parties that is or are not a connected party within the meaning of the Listing Rules
"Inlyta (axitinib)"	a targeted cancer drug used to treat kidney cancer after previous treatment has not been effective
"Jiangsu Alphamab"	Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (also known as Jiangsu Alphamab Pharmaceuticals Co., Ltd.) (江蘇康寧傑瑞生物製藥有限公司), a limited liability company established in the PRC on July 14, 2015 and our wholly owned subsidiary
"KN035"	an anti-PD-L1 recombinant humanized single domain antibody invented by the Group
"Latest Practicable Date"	September 20, 2021, being the latest practicable date prior to the printing of this purpose of ascertaining the information contained herein
"Lenvatinib"	a kinase inhibitor used to treat certain types of cancer
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	December 12, 2019, the date on which dealings in our Shares first commenced on the Main Board of the Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"mAb"	monoclonal antibody
"Macau"	the Macau Special Administrative Region of the PRC

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM
"mBC"	metastatic breast cancer
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MSI-H"	microsatellite instability-high, a feature of cancer's genetic coding with a high amount of instability in a tumor
"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
"Nomination Committee"	the nomination committee of the Company
"Non-competition Undertaking"	the non-competition undertaking dated November 24, 2019 and entered into by the Controlling Shareholders in favor of our Company
"NPC"	nasopharyngeal carcinoma
"NSCLC"	non-small cell lung cancer
"ODD"	orphan drug designation
"ORR"	objective response rate, which is equal to the sum of complete response and partial response
"PD"	progressive disease, cancer that is growing, spreading or getting worse

"PDAC"	pancreatic ductal adenocarcinoma
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on some T-cells, B-cells and macrophages that turns off the T-cell mediated immune response as part of the process that discourages a healthy immune system from attacking other cells in the body
"PD-L1"	programmed death ligand 1, a protein on the surface of a normal cell or a cancer cell that can attach to PD-1 on the surface of the T-cell that causes the T-cell to turn off its ability to kill the cancer cell
"Post-IPO Share Option Scheme"	the post-IPO share option scheme, as amended from time to time, adopted by the Company in accordance with the scheme rules adopted by the Board on April 10, 2020 and approved by Shareholders' meeting on May 25, 2020, details of which are set forth in the Company's circular dated April 22, 2020 and the 2020 annual report of the Company
"Post-IPO Restricted Share Award Scheme"	the post-IPO restricted share award scheme, as amended from time to time, adopted by the Company on March 23, 2021 for the purpose of the Company's grant of award shares to selected participants from time to time pursuant to the scheme rules, details of which are set forth in the Company's announcement dated March 23, 2021 and the 2020 annual report of the Company
"Pre-IPO Share Option Plans"	the pre-IPO share option plan I adopted by our Company on October 16, 2018, which was further amended on March 29, 2019 and the pre-IPO share option plan II adopted by our Company on March 29, 2019, as amended from time to time, the principal terms of which are set out in the Prospectus and the 2020 annual report of the Company
"Prospectus"	the prospectus of the Company dated December 2, 2019
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company

"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2021
"rheumatoid arthritis" or "RA"	a chronic, systemic inflammatory disorder that may affect many tissues and organs, but principally attacks synovial joints
"Rubymab"	Rubymab Ltd., a company incorporated in the BVI on March 22, 2018 and wholly owned by Dr. Xu's Family Trust as of the Latest Practicable Date
"sdAb"	single domain antibody
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	common stock of the Company, par value US$0.000002 per share
"Shareholder(s)"	holder(s) of our Share(s)
"South Dakota Trust"	South Dakota Trust Company LLC, the trustee of Dr. Xu's Family Trust
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy Committee"	the strategy committee of the Company

"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Suzhou Alphamab"	Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司), a limited liability company established in the PRC on November 6, 2008 and our connected person as of the Latest Practicable Date
"TNBC"	triple-negative breast cancer, any breast cancer that does not express the genes for estrogen receptor, progesterone receptor and HER2/neu
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar(s)" or "US$"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax; all amounts are exclusive of VAT in this interim report except where indicated otherwise
"we", "us" or "our"	the Company or the Group, as the context requires
"%"	per cent

Company Profile

OVERVIEW

We are a leading clinical-stage biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecifics and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

PIPELINE

Our highly differentiated in-house pipeline consists of tumor monoclonal antibodies, bispecific antibodies, and one COVID-19 multifunctional antibody. Among our pipeline products, we have one BLA submitted, three in late clinical stage, and three in schedule for IND submission.

- *KN046* – a BsAb immune checkpoint inhibitor simultaneously targeting two clinically-validated immune checkpoints, PD-L1 and CTLA-4, representing a potential breakthrough, next-generation immuno-oncology blockbuster drug. Currently, there are approximately 20 clinical trials of KN046 in different stages covering more than 10 types of tumors including NSCLC, TNBC, ESCC, HCC, PDAC and thymic carcinoma in China, the United States and Australia. The results from the clinical trials have preliminarily shown a favorable safety profile and significant efficacy of KN046 in treatment. Among them, the preliminary results of our phase II clinical trials in China indicate promising activity of KN046 for NSCLC, PDAC and TNBC as a single therapy and in combination therapy with chemotherapy. We have published preliminary promising safety and efficacy data of KN046 in patients who have failed prior treatments with immune checkpoint inhibitors. We have initiated 2 pivotal phase III clinical trials in NSCLC, and a pivotal trial of KN046 in thymic carcinoma. We are also exploring cooperation opportunities to conduct clinical trials of KN046 in combination with our business partners' drug candidates, to achieve better therapeutic effects. We have adopted a fast/first-to-market approach on selecting indications and we plan to submit the first BLA for KN046 in China in the first half of 2022.

- *KN026* – a next-generation anti-HER2 BsAb that can simultaneously bind two distinct clinically-validated epitopes of HER2, resulting in potentially superior efficacy. Our phase I/II clinical trials of KN026 in China and the U.S. have shown early activity signals and favorable safety profile in the treatment of heavily pre-treated HER2 expressing cancers. We are conducting phase II clinical trials for first line HER2-positive breast cancer (in combination with docetaxel), late line HER2-expressing breast and GC/GEJ in China, as well as a phase I clinical trial for HER2-positive or HER2-expressing solid tumors, including but not limited to, breast cancer and GC/GEJ, in the United States. In the first half of 2021, the preliminary efficacy data of KN026 in advanced GC/GEJ patients with HER2 expression was published in the ASCO conference in May 2021. We are also conducting a phase II clinical trial of KN026 for HER2-positive solid tumors and exploratory trials of a combination of KN026 with KN046. In August 2021, Jiangsu Alphamab entered into a licensing agreement with Shanghai JMT-bio Technology Co., Ltd. (上海津曼特生物科技有限公司) to develop and commercialize KN026 for the treatment of breast cancer and GC in mainland China (excluding Hong Kong, Macau or Taiwan).

- *KN019* – a CTLA-4-based immunosuppressant fusion protein with potential broad applications in both auto-immune diseases and oncology treatment-induced immune disorders. We have completed patient enrollment in China for phase II trials for RA. We plan to expand to other auto-immune disorders including oncology immunotherapy-induced immune disorder in the future.

- *KN035 (Envafolimab)* – potentially the first subcutaneously injectable PD-L1 inhibitor worldwide, offering advantages in safety, convenience, compliance, access to patients not suitable for intravenous infusion, and lower medical cost. Invented by us and jointly developed with 3D Medicines, KN035 has completed the pre-approval registration inspection and a phase II pivotal clinical trial for dMMR/MSI-H solid tumors and is currently undergoing a phase III pivotal trial for BTC in China. The pivotal trials in undifferentiated pleomorphic sarcoma and malignant fibrous histiocytoma are ongoing and the FDA granted ODD for advanced biliary tract cancer. KN035 was granted its second ODD for the treatment of patients with soft tissue sarcoma by the FDA in June 2021.

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including sdAbs and engineered proteins; (ii) our in-house developed proprietary platforms including sdAb/mAb, CRIB platform, CRAM platform, BADC (bispecific antibody-drug conjugate) platform, BIMC (bispecific immuno modulator conjugation) platform, TIMC (tri-function immuno modulator conjugation) platform, GIMC (glyco-Immuno modulator conjugation) platform and CIMC (chemokine immune modulator conjugation) platform; and (iii) state-of-the-art manufacturing capability, to be further strengthened by new facilities with an expected capacity of over 30,000L, designed and built to meet the cGMP standards of NMPA, European Medicines Agency and the U.S. FDA.

Corporate Information

Board of Directors	**Executive Directors:** Dr. XU Ting *(Chairman of the Board and Chief Executive Officer)* Ms. LIU Yang **Non-Executive Directors:** Mr. XU Zhan Kevin Mr. QIU Yu Min **Independent Non-Executive Directors:** Dr. GUO Zijian *(appointed on August 27, 2021)* Mr. WEI Kevin Cheng Mr. WU Dong Dr. JIANG Hualiang *(resigned on August 27, 2021)*
Audit Committee	Mr. WEI Kevin Cheng *(Chairman)* Mr. QIU Yu Min Mr. WU Dong
Remuneration Committee	Mr. WU Dong *(Chairman)* Ms. LIU Yang Mr. WEI Kevin Cheng
Nomination Committee	Dr. XU Ting *(Chairman)* Dr. GUO Zijian *(appointed on August 27, 2021)* Mr. WU Dong Dr. JIANG Hualiang *(resigned on August 27, 2021)*
Strategy Committee	Ms. LIU Yang *(Chairman)* Dr. XU Ting Mr. XU Zhan Kevin Dr. GUO Zijian *(appointed on August 27, 2021)* Dr. JIANG Hualiang *(resigned on August 27, 2021)*
Joint Company Secretaries	Ms. CHAN Lok Yee Ms. WANG Jin'nan
Authorized Representatives	Ms. LIU Yang Ms. WANG Jin'nan
Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands

Head Office and Principal Place of Business in China	No. 175 Fangzhou Road Suzhou Industrial Park Suzhou Jiangsu Province, PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Legal Advisor as to Hong Kong Laws	**Kirkland & Ellis** 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
Auditor	**Deloitte Touche Tohmatsu** *Registered Public Interest Entity Auditors* 35/F, One Pacific Place 88 Queensway Admiralty Hong Kong
Principal Share Registrar	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Stock Code	9966
Company Website	http://www.alphamabonc.com/

Financial Highlights

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income	**22,503**	44,341
Other gains and losses	**(13,552)**	33,666
R&D expenses	**(231,947)**	(133,724)
Administrative expenses	**(38,131)**	(40,579)
Finance costs	**(6,237)**	(6,804)
Loss before taxation	**(267,364)**	(103,100)
Income taxation	**–**	–
Loss for the period	**(267,364)**	(103,100)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of June 30,	As of December 31,
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets	**475,446**	440,294
Current assets	**2,024,709**	2,199,228
Non-current liabilities	**106,548**	36,903
Current liabilities	**383,025**	329,535
Net assets	**2,010,582**	2,273,084

Since April 20, 2021, being the latest practicable date of the Company's 2020 annual report, we have been making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

KN046

- On April 29, 2021, we entered into a clinical trial collaboration and supply agreement with Pfizer Inc. to evaluate the efficacy and safety of KN046 in combination with Inlyta (axitinib) for the first-line treatment of NSCLC.

- We achieved positive results of KN046 with respect to its preliminary efficacy and safety in combination with nab-paclitaxel and gemcitabine as first-line treatment for patients with unresectable locally advanced or metastatic PDAC. Such research progress was presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021.

- We achieved promising preliminary results in a phase II, open-label, multi-center study of KN046 in combination with chemotherapy in patients with advanced NSCLC. Such research progress was presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021.

- We made progress in obtaining the efficacy and safety results of KN046 plus paclitaxel/cisplatin as first-line treatment for unresectable locally advanced, recurrent or metastatic ESCC. Such research progress was presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021.

- The phase III clinical trial of KN046 for the treatment of advanced squamous NSCLC progressed smoothly and the enrollment is currently undergoing.

KN046 has completed phase I clinical trials in Australia and simultaneously has been under a phase II clinical trial in the United States. Currently, two phase III clinical trials of KN046 in China have been launched. There are approximately 20 clinical trials around the world covering more than 10 types of tumors including NSCLC, TNBC, ESCC and thymic carcinoma. The results of these clinical trials have demonstrated a preliminary profile of good safety and promising efficacy of KN046.

KN026

- We made advancement in evaluating the preliminary efficacy of KN026 for the treatment of HER2 expression in patients with advanced GC/GEJ. Such results were presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021.

KN035 (Envafolimab)

- From June 4 to June 8, 2021, the study design of the ENVASARC pivotal trial in the U.S. of KN035 was presented in a poster session at the 2021 ASCO annual meeting.

- In June 2021, the U.S. FDA has granted ODD to KN035 for the treatment of patients with soft tissue sarcoma. This is the second ODD for KN035 after its first ODD in advanced BTC and fourth ODD that we have obtained from the U.S. FDA.

KN019

- In 2020, the phase II clinical trial of KN019 for the treatment of rheumatoid arthritis completed the enrollment and progressed smoothly. The interim clinical results are expected to publish in the second half of 2021.

KN052

- In June 2021, the Company completed the pharmaceutical and pre-clinical study of KN052 and targets to submit the IND application of KN052 in the second half of 2021.

JSKN003

- In June 2021, the Company completed the efficacy validation and process development for JSKN003.

OTHER HIGHLIGHTS

- On May 26, 2021, Jiangsu Alphamab established collaboration with Suzhou Alphamab for two technology development projects, namely, JSKN003 and the preparation process development project for mGalt1, a key material of conjugation process, and KN062 COVID-19 neutralizing bispecific antibody development project.

For details of any foregoing, please refer to the rest of this interim report and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

OVERVIEW

We are a leading clinical-stage biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecifics and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

PRODUCT PIPELINE

Our highly differentiated in-house pipeline consists of tumor monoclonal antibodies, bispecific antibodies, and one COVID-19 multifunctional antibody. Among our pipeline products, we have one BLA submitted, three in late clinical stage, and three in schedule for IND submission. The following chart summarizes our product pipeline as of the date of this interim report:

Stage	Drug Candidate	Target(s)	Platform	Commercial Rights	Key Indications	Pre-clinical	Dose escalation	Proof of concept	Pivotal	NDA
Post-clinical	KN046	PD-L1/CTLA-4 bispecific	sdAb/mAb	Global	NSCLC, Thymic, HCC, PDAC, ESCC, TNBC					
	KN026	HER2/HER2 bispecific	CRIB	Global	HER2-positive BC, GC/GEJ					
	KN026 +KN046	Target therapy +IO combo	Biomarker driven	Global	HER2-positive solid tumors					
	KN035	Subcu PD-L1	sdAb/ mAb	Global Co-development	MSI-H, BTC, Sarcoma, TMB-H, MSS endometrial				To be lanuched in the second half of 2021	
	KN019	B7	Fusion protein	Global	RA, lupus, renal transplant, GvHD				Phase II ongoing	
Pre-IND	KN052	PD-L1/OX40 bispecific	CRIB	Global	Solid tumors					
	KN062	None RBD comformation bispecific	CRIB	Global	COVID-19					
	JSKN-003	HER2 ADC	BADC	Global	HER2 solid tumors					
Pre-clinical	JSKN-001	Undisclosed	CRIB	Global	Solid tumors					
	JSKN-002	Undisclosed	GIMC	Global	Solid tumors					
	JSKN-004	Undisclosed	TIMC	Global	Solid tumors					
	JSKN-005	Undisclosed	CIMC	Global	Solid tumors					
	JSKN-006	Undisclosed	BIMC	Global	Solid tumors					
	KN053	Undisclosed bispecific	sdAb/ mAb	Global	Solid tumors					
	KN055	Undisclosed bispecific	sdAb/mAb fusion protein	Global	Solid tumors					
	KN058	Undisclosed bispecific	sdAb/mAb fusion protein	Global	Solid tumors					
	KN138	None-blocking CTLA-4	sdAb/ mAb	Global	Solid tumors					

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including sdAb and engineered proteins; (ii) our in-house developed proprietary platforms including sdAb/mAb, CRIB platform, CRAM platform, BADC (bispecific antibody-drug conjugate) platform, BIMC (bispecific immuno modulator conjugation) platform, TIMC (tri-function immuno modulator conjugation) platform, GIMC (glyco-Immuno modulator conjugation) platform and CIMC (chemokine immune modulator conjugation) platform; and (iii) state-of-the-art manufacturing capability, to be further strengthened by new facilities with an expected capacity of over 30,000L, designed and built to meet the cGMP standards of NMPA, European Medicines Agency and the U.S. FDA.

COMMERCIALIZATION

To date, we have not commercialized any products. We started to build our own core commercialization team in China with an initial focus on late-stage drug candidates and plan to hire key talents for medical affairs, governmental affairs and other related functions in 2021 to prepare for the upcoming BLA submission of KN046 in 2022 and KN026 in 2024. We expect our team to cover major provinces and municipalities in China, especially the ones with relatively well-developed economies and high levels of discretionary income. We intend to continue to expand our team in anticipation of more product launches and more approved indications.

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

BUSINESS REVIEW

Events during the Reporting Period

During the Reporting Period, we continuously focused on enhancing our pharmaceutical R&D capabilities and optimizing our existing technological platforms. We also strategically established cooperation with our global partners to accelerate the development process of our drug candidates. Since April 20, 2021, being the latest practicable date of the Company's 2020 annual report, we have been making significant progress with respect to our drug pipeline and business operations.

- On April 29, 2021, we entered into a clinical trial collaboration and supply agreement with Pfizer Inc. to evaluate the efficacy and safety of KN046 in combination with Inlyta (axitinib) for the first-line treatment of NSCLC.

- On May 26, 2021, Jiangsu Alphamab established collaboration with Suzhou Alphamab for two technology development projects, namely, JSKN003 and the preparation process development project for mGalt1, a key material of conjugation process, and KN062 COVID-19 neutralizing bispecific antibody development project. For further details, please refer to the Company's announcement dated May 26, 2021.

- We achieved positive results on KN046 with respect to its preliminary efficacy and safety in combination with nab-paclitaxel and gemcitabine as first-line treatment for patients with unresectable locally advanced or metastatic PDAC, which indicated that the promising activity, safety and tolerability for the combination of KN046 with nab-paclitaxel and gemcitabine. Such research progress was presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021. For further details, please refer to the Company's announcement dated May 20, 2021.

- We achieved promising preliminary results in a phase II, open-label, multi-center study, which aimed at evaluating the efficacy, safety, and tolerability of KN046 in combination with chemotherapy in patients with advanced NSCLC. Such research progress was presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021. For further details, please refer to the Company's announcement dated May 20, 2021.

- We made progress in obtaining the efficacy and safety results of KN046 plus paclitaxel/cisplatin as first-line treatment for unresectable locally advanced, recurrent or metastatic ESCC, which indicated that KN046 plus paclitaxel/cisplatin was active and well tolerated. Such research progress was presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021. For further details, please refer to the Company's announcement dated May 20, 2021.

- We made advancement in evaluating the preliminary efficacy of KN026 in advanced GC/GEJ patients with HER2 expression, which indicated that KN026 demonstrated favorable safety and promising efficacy in Chinese HER2 over expressing GC/GEJ patients, both, either pretreated with or without anti-HER2 treatments. Such results were presented at the 2021 ASCO annual meeting from June 4, 2021 to June 8, 2021. For further details, please refer to the Company's announcement dated May 20, 2021.

- From June 4 to June 8, 2021, the study design of the ENVASARC pivotal trial in the U.S. of KN035 was presented in a poster session at the 2021 ASCO annual meeting.

- In June 2021, the U.S. FDA granted ODD to KN035 for the treatment of patients with soft tissue sarcoma. This is the second ODD for KN035 after its first ODD in advanced BTC.

- In June 2021, the Company completed the pharmaceutical and pre-clinical study of KN052 and targets to submit the IND application of KN052 in the second half of 2021.

- In June 2021, the Company completed the efficacy validation and process development for JSKN003.

Events after the Reporting Period

- In August 2021, the Company completed the first drug administration in a phase II clinical study of KN026 for the neoadjuvant treatment of HER2 positive early or locally advanced breast cancer. The phase II multicenter clinical study aims to evaluate the efficacy, safety and tolerability of KN026 combination therapy as a neoadjuvant treatment for HER2 positive early or locally advanced breast cancer. Patients with treatment naïve HER2 positive early or locally advanced breast cancer will receive KN026 in combination with docetaxel for 4 cycles of neoadjuvant therapy. After the neoadjuvant therapy, patients who meet the surgical conditions will undergo surgery and pathological remission assessment. The study plans to recruit about 30 patients, with pathological complete response rate as primary study endpoint.

- In August 2021, the Company received a notice of approval for supplementary application for drug clinical trials from the NMPA, which approved the supplementary application for the pharmaceutical change of KN026 to use a liquid formulation for clinical research. This is the first HER2 bispecific antibody approved in China for clinical research in liquid formulation.

- In August 2021, Jiangsu Alphamab entered into an exclusive licensing agreement with Shanghai JMT-bio Technology Co., Ltd., a wholly owned subsidiary of CPSC Pharmaceutical Group Limited (石藥控股集團有限公司), the shares of which are listed on the Stock Exchange (stock code: 1093), to develop and commercialize KN026 for the treatment of breast cancer and gastric cancer in mainland China (excluding Hong Kong, Macau or Taiwan). For further details, please refer to the Company's announcement dated August 23, 2021.

- We presented the preliminary efficacy and safety results of a prospective phase II trial of KN046 in combination with Lenvatinib in the first-line treatment for advanced unresectable or metastatic HCC at the ESMO Congress 2021 on September 16, 2021. For further details, please refer to the Company's announcement dated September 13, 2021.

- We presented the preliminary efficacy and safety results of KN026 in combination with KN046 in patients with HER2-postive gastrointestinal tumors at the ESMO Congress 2021 on September 16, 2021. For further details, please refer to the Company's announcement dated September 13, 2021.

- We presented the research results of KN046 in combination with platinum doublet chemotherapy as firs-line treatment with advanced NSCLC harboring resistant oncogenic driver at the ESMO Congress 2021 on September 16, 2021. For further details, please refer to the Company's announcement dated September 13, 2021.

The continuing global outbreak of COVID-19 and the subsequent quarantine measures imposed by governments in the first half of 2021 have created challenges to the Group's business operations, including but not limited to the advancement of clinical trials, approval of regulatory registration and procurement of raw materials. The pandemic had a limited impact on our business operations as of the Latest Practicable Date. However, the uncertainty in the development of global pandemic of COVID-19 may have potential negative impact on the Group's business. The Group has implemented comprehensive measures to minimize delays and disruptions to the business operations, including but not limited to implementing risk management measures, updating the standard operating procedures according to guidance issued by regulatory bodies, adjusting our research plans and status of clinical trials, providing alternative methods for safety and efficacy assessment and engaging in online meetings with our principal investigators for the clinical trials to track progress and identify any issues that may arise. The Group will continue to monitor the pandemic situation and react actively to such impact. In addition, the Group, through collaboration with academic institute, initiated R&D projects to address COVID-19 variants with bispecific and antibody engineering platforms. The Group will continue to explore potential opportunities to develop our core and related business, further develop our drug candidates, and to allocate substantial resources to make further progress in our R&D, product pipeline and regulatory approvals.

FUTURE DEVELOPMENT

In the first half of 2021, we have made steady progress in our R&D of our drug candidates, have explored strategic collaboration with our business partners, and have witnessed numerous milestones despite the impact of COVID-19 pandemic. We, together with the global pharmaceutical industry, have sought to implement and adhere to emergency management plans, social distancing guidelines and adjusted regulatory processes, while have continued to strive to develop and produce treatments and drug candidates that benefit patients.

In recent years, China has issued or amended a series of rules and policies with respect to, among others, priority review and patent compensation, quality control, sales, data protection of drug trials to support the R&D of pharmaceutical products. In 2020, the amended Measures for Administration of Drug Registration (《藥品註冊管理辦法》), the Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》), the Good Clinical Practice of Pharmaceutical Products (《藥物臨床試驗質量管理規範》), the administrative Measures for Communication on the Research Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》) and the Registration Category of Biological Products and the Information Requirements for Declaration (《生物製品註冊分類及申報資料要求》) came into effect to streamline the R&D and production process of new drugs and the application process under the drug marketing authorization holder mechanism, as well as to provide a clear classification for therapeutic biological products. These policies removed political barriers and sped up the R&D process for innovative new drugs, which along with innovative technologies has become a hotspot for industrial capital. The newly revised Patent Law of the People's Republic of China (《中華人民共和國專利法》), which came into effect on June 1, 2021, launches a protection term compensation system for new drugs, where a patent may be granted an extended patent term

up to five years as compensation for the time taken up due to regulatory review and approval. As a result, pharmaceutical companies with strong R&D capabilities for innovative therapeutic biologics will stand out and they will have unprecedented opportunities for development. After the pandemic, the Company believes that there will be a stronger focus on R&D of innovative therapeutic biologics and heavier investments in new biotechnology. It is believed that in the next decade, the R&D of innovative therapeutic biologics in the PRC will drive the growth of the entire pharmaceutical industry.

The Group will continue to strive for delivering world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. To accomplish this mission, we will commit to advancing clinical development of our product pipeline, including developing KN046 for various major cancer indications in addition to selected indications using a fast/first-to-market approach. We will also strategically focus on cancers with HER2 expression in our KN026 clinical development plan. In the meantime, leveraging our strong in-house R&D capabilities, we will further advance our pre-clinical programs of over 10 multi-specific immune-oncology drug candidates and will leverage our technology platforms to discover, validate and select targets and lead candidates to enrich our early-stage pipeline with a focus on immuno-oncology based bispecific and multi-specific drugs. We will also continue to optimize our manufacturing process and technologies to enhance product quality and reduce the costs. To maximize the commercial value of our assets with global rights, we will also continue to actively seek strategic collaboration opportunities for our Core Products, such as co-development, collaboration in combination development, and out-licensing.

FINANCIAL REVIEW

Overview

For the six months ended June 30, 2021, the Group recorded other income of RMB22.5 million, as compared with RMB44.3 million for the six months ended June 30, 2020, and the total comprehensive expense of RMB266.9 million, as compared with RMB103.1 million for the six months ended June 30, 2020. The R&D expenses of the Group amounted to RMB231.9 million for the six months ended June 30, 2021, as compared with RMB133.7 million for the six months ended June 30, 2020. The administrative expenses amounted to RMB38.1 million for the six months ended June 30, 2021 as compared with RMB40.6 million for the six months ended June 30, 2020. The finance costs amounted to RMB6.2 million for the six months ended June 30, 2021 as compared with RMB6.8 million for the six months ended June 30, 2020.

Revenue

We currently have no product for commercial sale. For the six months ended June 30, 2021 and 2020, we did not generate any revenue from product sales.

Other Income

The Group's other income primarily consists of interest income, government grants income and other miscellaneous income.

For the six months ended June 30, 2021, the Group's other income decreased by RMB21.8 million to RMB22.5 million, compared to RMB44.3 million for the six months ended June 30, 2020 primarily due to the decrease in interest income and government grants income. Our interest income of RMB13.5 million during the Reporting Period refers to the interest we generated from bank balances, which primarily consisted of bank deposits of proceeds from our pre-IPO financing and global offering. In 2021, we recorded government grants income of RMB6.7 million during the Reporting Period, among which RMB5.0 million were the interest subsidy for loans and RMB1.0 million were special funds for science and technology development.

Other Gains and Losses

The Group's other gains and losses primarily consists of net exchange losses in relation to the impact of foreign currency translation and gain on derivative financial instruments.

For the six months ended June 30, 2021, we recorded RMB13.6 million of other losses, compared to RMB33.7 million of other gains for the six months ended June 30, 2020, mainly due to the impact of foreign currency fluctuation, in particular, the exchange rates amongst the RMB and the U.S. dollar.

R&D Expenses

The Group's R&D expenses were primarily comprised of (i) third-party contracting costs related to services provided by contract research organizations, contract manufacturing organizations, clinical trial sites, consultants and other service providers during the R&D of our pipeline products; (ii) staff costs for our R&D staff, including salary, bonus and share option incentives; (iii) raw materials costs in relation to the R&D of our drug candidates; (iv) office rental costs, utilities and depreciation and amortization; and (v) other miscellaneous expenses, which primarily include expenses for patent application registration services and logistics expenses of drug samples for clinical trials.

For the six months ended June 30, 2021, our R&D expenses increased by RMB98.2 million to RMB231.9 million, compared to RMB133.7 million for the six months ended June 30, 2020, primarily due to (i) the increase in the number of ongoing clinical trials; (ii) the expansion of the scale of our clinical studies; (iii) the advancement of clinical trials of our drug candidates; and (iv) the increase in staff cost due to the increase in our R&D staff and the increase in the compensation mainly due to options rewarded to the staff. The following table sets forth the breakdown of our R&D expenses by nature for the periods indicated.

	For the six months ended June 30,			
	2021		2020	
	(RMB in thousands, except percentages)			
Third-party contracting costs	**128,041**	**55.2%**	57,299	42.8%
Staff costs	**40,745**	**17.6%**	30,053	22.5%
Raw material costs	**29,847**	**12.9%**	27,252	20.4%
Office rental costs, utilities, and depreciation and amortization	**20,469**	**8.8%**	14,757	11.0%
Others	**12,845**	**5.5%**	4,363	3.3%
Total	**231,947**	**100.00%**	133,724	100.00%

Administrative Expenses

The Group's administrative expenses primarily comprise staff costs for our administrative staff, including salary, bonus and share option incentives.

Our administrative expenses decreased by RMB2.5 million to RMB38.1 million for the six months ended June 30, 2021, from RMB40.6 million for the six months ended June 30, 2020, primarily due to the decrease in the share-based payment expenses.

Finance Costs

The Group's finance costs primarily comprise of interest expenses on (i) bank borrowings, (ii) contract liabilities and (iii) lease liabilities related to our leases of office premises and R&D facilities.

Our finance costs amounted to RMB6.2 million for the six months ended June 30, 2021, as compared to RMB6.8 million for the six months ended June 30, 2020, primarily because we capitalized part of our finance costs, which refer to the loan interest of the construction under progress.

Income Taxation

For the six months ended June 30, 2021 and 2020, the Group did not incur any income tax expenses.

Loss for the Reporting Period

As a result of the above factors, the loss of the Group increased by RMB164.3 million to RMB267.4 million for the six months ended June 30, 2021 from RMB103.1 million for the six months ended June 30, 2020.

Property, Plant and Equipment

Property, plant and equipment primarily consists of our new manufacturing, R&D plant and equipment and office premises.

Our property, plant and equipment increased by RMB20.5 million to RMB381.5 million as of June 30, 2021, compared to RMB361.0 million as of December 31, 2020, primarily because we acquired property, plant and equipment of approximately RMB34.1 million which mainly consisted of R&D plant and equipment for the initiation of the second stage construction of our phase I production lines.

Right-of-use Assets

Under IFRS 16, we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter.

Our right-of-use assets increased by RMB3.3 million to RMB35.3 million as of June 30, 2021, compared to RMB32.0 million as of December 31, 2020, primarily due to increase in right-of-use assets for the lease of our office premises in Shanghai and Beijing in the first half of 2021.

Inventories

The Group's inventories consist of raw materials and other consumables used in the R&D of our drug candidates.

Our inventories increased by RMB6.7 million to RMB51.0 million as of June 30, 2021, compared to RMB44.3 million as of December 31, 2020, primarily due to the increase in raw materials and other consumables for our R&D activities and the preparation for launching the commercialization of KN035.

Other Receivables, Deposits and Prepayments

The Group's other receivables, deposits and prepayments primarily consist of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to contract research organizations and other third parties for services relating to our clinical trials; (ii) deposits and interest receivables mainly related to our time deposits; and (iii) VAT recoverable in connection with the procurement of raw materials, third-party services for our R&D activities, machinery and equipment for our new facilities, which can offset the VAT to be incurred upon commercialization.

Our other receivables, deposits and prepayments decreased by RMB32.2 million to RMB87.0 million as of June 30, 2021, compared to RMB119.3 million as of December 31, 2020, primarily due to the lower interest rate and exchange rate of the U.S. dollars and the relatively short terms of bank deposits.

Derivative Financial Instruments

We recorded RMB3.7 million of derivative financial instruments for the six months ended June 30, 2021, as compared to RMB5.9 million as of December 31, 2020, primarily because the Group entered into several foreign exchange forward contracts with banks in order to manage the Group's foreign currency exposure in relation to US$ against RMB and did not elect to adopt hedge accounting for those contracts.

Cash and Cash Equivalents and Time Deposits with Original Maturity Over Three Months

Our cash and cash equivalents mainly comprise of (i) cash at banks and on hand and (ii) time deposits within original maturity less than three months. Our cash and cash equivalents increased significantly from RMB185.3 million as of December 31, 2020 to RMB702.0 million as of June 30, 2021, while our time deposits with original maturity over three months significantly decreased from RMB1,835.4 million as of December 31, 2020 to RMB1,159.8 million as of June 30, 2021, primarily because a majority of our time deposits with original maturity over three months turned into deposits with original maturity less than three months as matured over time.

Financial Assets Measured at FVTPL

The Group's financial assets measured at FVTPL mainly represent RMB-denominated wealth management products we purchased from commercial banks in the PRC.

Our financial assets measured at FVTPL increased from RMB43.5 million as of December 31, 2020 to RMB55.0 million as of June 30, 2021, primarily due to the purchase of non-principal-guaranteed wealth management products as our financial investments.

We believe that we can make better use of our cash by utilizing wealth management products, such as structured deposits, to enhance our income without interfering with our business operations or capital expenditures. We make investment decisions based on our estimated capital requirements for the next three months and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit purchases to low-risk, short-term products from reputable commercial banks. Our finance department is responsible for the purchase of wealth management products, which is reviewed by our senior management team. In the future, we intend to continue taking a disciplined approach regarding purchasing low-risk wealth management products with a short maturity period based on our operational needs.

Trade and Other Payables

The Group's trade and other payables primarily consist of payables for the construction of our new facilities and the procurement of equipment and machinery for our new facilities. Our trade and other payables also include accrued R&D expenses and staff costs, which largely relate to staff costs payable to R&D personnel. We also recorded (i) trade payables to suppliers of raw materials and third-party services, and (ii) interest payables.

Our trade and other payables increased from RMB121.9 million as of December 31, 2020 to RMB148.7 million as of June 30, 2021, primarily due to the significant increase in the clinical trial fees paid to the clinical trial sites.

Amount Due to a Related Company

Our amount due to a related company, Suzhou Alphamab, increased from RMB3.8 million as of December 31, 2020 to RMB10.0 million as of June 30, 2021. Our amounts due to Suzhou Alphamab as of June 30, 2020 and 2021 were primarily due to the technology development service fees payable to Suzhou Alphamab.

Lease Liabilities

The Group's lease liabilities are in relation to properties we leased for our manufacturing and R&D activities and our office premises. We recognize lease liabilities with respect to all lease agreements in which we are the lessee, except for short term leases and leases of low value assets. For these leases, we generally recognize the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at present value that are not paid at the commencement date of the lease and subsequently adjusted by interest accretion and lease payments.

Our lease liabilities increased from RMB13.5 million as of December 31, 2020 to RMB16.7 million as of June 30, 2021, primarily because we rented new offices in Beijing and Shanghai.

Contract Liabilities

We recorded contract liabilities of RMB12.7 million and RMB12.5 million as of December 31, 2020 and June 30, 2021, respectively. Our contract liabilities represented the RMB10.0 million upfront payment we received from 3D Medicines and such amount is adjusted for the effects of the time value of money at a discount rate of 4.35% taking into consideration of the credit characteristics of the Group and any collateral or security provided. We own the right to manufacture and supply KN035 to 3D Medicines. After the approval and commercialization of KN035, we will recognize revenue on the upfront payment received.

Liquidity and Source of Funding

Our primary uses of cash are to fund our clinical trials, manufacturing, purchase of equipment and raw materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through proceeds from the global offering, pre-IPO financing and bank borrowings at reasonable market rates. Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt with the qualified banks and international banks with good reputation. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

As of June 30, 2021, there was a balance of unutilized net proceeds from the global offering, pre-IPO financing and bank borrowings. For details on the net proceeds from the global offering, please refer to the section headed "Use of Net Proceeds from the Global Offering" in this interim report. The Company believes that it has sufficient funds to satisfy our working capital and capital expenditure requirements for the second half of 2021.

Borrowings

As of June 30, 2021, we had bank borrowings of RMB296.5 million, which were secured by property, plant and equipment of RMB263.4 million and land use rights in our right-of-use assets of RMB21.9 million.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of June 30, 2021	As of December 31, 2020
Current ratio[1]	**5.29**	6.67
Quick ratio[2]	**5.15**	6.54
Gearing ratio[3]	**(0.20)**	0.01

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. For the avoidance of doubt, ratio in brackets represent negative numbers.

Material Investments

The Group did not make any material investments during the six months ended June 30, 2021. In addition, other than the R&D investment plan as disclosed in sections headed "Use of Net Proceeds from the Global Offering" in this report, there is no current plan of the Group for material investments or additions of material capital assets as of June 30, 2021.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended June 30, 2021.

Pledge of Assets

As of June 30, 2021, the Group had a total RMB35.9 million of plant and machinery, RMB8.0 million of construction-in-process assets, RMB219.6 million of buildings and RMB21.9 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of June 30, 2021, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Foreign Exchange Exposure

During the six months ended June 30, 2021, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of June 30, 2021, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars and Hong Kong dollars. 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, and other financial liabilities denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2021.

Employees and Remuneration

As of June 30, 2021, the Group had 366 employees. The total remuneration cost incurred by the Group for the six months ended June 30, 2021 was RMB62.7 million, as compared to RMB56.5 million for the six months ended June 30, 2020.

The remuneration package of our employees includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Company also has adopted Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme to provide incentives for the Group's employees. Please refer to the section headed "Statutory and General Information – D. Pre-IPO Share Option Plans" in Appendix V to the Prospectus, the Company's circular dated April 22, 2020, the Company's announcement dated March 23, 2021 and the Company's 2020 annual report for further details.

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

As of the June 30, 2021, 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:

Long Positions in the Shares of the Company

Name of Directors/ Chief Executive	**Capacity/ Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding interest[3]**
Dr. XU *(Executive Director and Chief Executive Officer)*	Founder of a discretionary trust Interest in a controlled corporation	314,000,000[1](L)	33.55%
	Beneficial owner	4,552,950(L)	0.49%
Ms. LIU Yang *(Executive Director)*	Beneficiary of a trust	314,000,000[1](L)	33.55%
	Interest of spouse	4,552,950[2](L)	0.49%

Notes:

(1) These Shares are directly held by Rubymab, which is wholly owned by South Dakota Trust as the trustee of Dr. XU's Family Trust, of which Dr. XU acts as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee.

(2) Ms. LIU Yang is the spouse of Dr. XU, and therefore is deemed to be interested in the Shares held by Dr. XU under the SFO.

(3) The calculation is based on the total number of 935,836,620 Shares in issue as of June 30, 2021.

(L) Long position.

Long Positions in the Underlying Shares of the Company

Name of Directors/ Chief Executive	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding interest[2]
Dr. XU *(Executive Director and Chief Executive Officer)*	Beneficial owner	16,743,500(L)	1.79%
	Interest of spouse	2,240,000[1](L)	0.24%
Ms. LIU Yang *(Executive Director)*	Beneficial owner	2,240,000(L)	0.24%
	Interest of spouse	16,743,500[1](L)	1.79%
Mr. WEI Kevin Cheng *(Independent non-executive Director)*	Beneficial owner	60,000(L)	0.00%
Mr. WU Dong *(Independent non-executive Director)*	Beneficial owner	60,000(L)	0.00%

Notes:

(1) Dr. XU and Ms. LIU Yang are spouses, and therefore are deemed to be interested in the underlying Shares in respect of the share options granted under the Pre-IPO Share Option Plans held by each other under the SFO.

(2) The calculation is based on the total number of 935,836,620 Shares in issue as of June 30, 2021.

(L) Long position.

Save as disclosed above, as of June 30, 2021, none of the Directors or chief executives of the Company of their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As of the June 30, 2021, so far as the Directors are aware, 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 Section 336 of the SFO:

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest[5]
Rubymab	Beneficial owner	314,000,000[1](L)	33.55%
South Dakota Trust	Trustee	314,000,000[1](L)	33.55%
Mr. ZHANG Xitian	Interest in a controlled corporation	85,750,000[2](L)	9.16%
Sky Diamond Co., Ltd.	Beneficial owner	85,750,000[2](L)	9.16%
Mr. XUE Chuanxiao	Interest in a controlled corporation	85,750,000[3](L)	9.16%
Pearlmed Ltd.	Beneficial owner	85,750,000[3](L)	9.16%
PANG Kee Chan Hebert	Interest in a controlled corporation	49,691,190[4](L)	5.31%
Advantech Capital Partners II Limited	Interest in a controlled corporation	49,691,190[4](L)	5.31%

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest[5]
Advantech Capital II L.P.	Interest in a controlled corporation	49,691,190[4](L)	5.31%
Advantech Capital II Master Investment Limited	Interest in a controlled corporation	49,691,190[4](L)	5.31%
Advantech Capital II Investment Partners Limited	Interest in a controlled corporation	49,424,035[4](L)	5.28%
Advantech I	Interest in a controlled corporation Beneficial owner	49,424,035[4](L) 267,155[4](L)	5.28% 0.03%
Advantech II	Beneficial owner	49,424,035[4](L)	5.28%
GIC Private Limited	Interest in a controlled corporation	49,424,035[4](L)	5.28%
GIC Special Investments Private Limited	Investment manager	49,424,035[4](L)	5.28%
GIC (Ventures) Pte. Ltd.	Interest in a controlled corporation	49,424,035[4](L)	5.28%
Highbury Investment Pte Ltd	Interest in a controlled corporation	49,424,035[4](L)	5.28%

Notes:

(1) The entire share capital of Rubymab is wholly owned by South Dakota Trust as the trustee of Dr. XU's Family Trust, of which Dr. XU acts as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee.

(2) Sky Diamond Co., Ltd. is wholly owned by Mr. ZHANG Xitian. Therefore, Mr. ZHANG is deemed to be interested in the Shares in which Sky Diamond Co., Ltd. is interested under the SFO.

(3) Pearlmed Ltd. is wholly owned by Mr. XUE Chuanxiao. Therefore, Mr. XUE is deemed to be interested in the Shares in which Pearlmed Ltd. is interested under the SFO.

(4) Each of Advantech Capital II Investment Partners Limited (as the general partner of Advantech II), Advantech I (as a limited partner holding approximately 66.49% in Advantech II), Highbury Investment Pte Ltd (as a limited partner holding approximately 33.51% in Advantech II), Advantech Capital II Master Investment Limited (as the sole shareholder of Advantech I), GIC (Ventures) Pte. Ltd (as the sole shareholder of Highbury Investment Pte Ltd), GIC Special Investments Private Limited (as the entity that manages investment of Highbury Investment Pte Ltd), GIC Private Limited (as the sole shareholder of GIC Special Investments Private Limited), Advantech Capital II L.P. (as the sole shareholder of Advantech Capital II Master Investment Limited), Advantech Capital Partners II Limited (as the sole shareholder of Advantech Capital II Investment Partners Limited and the general partner of Advantech Capital II L.P.) and Mr. PANG Kee Chan Hebert (as the sole shareholder of Advantech Capital Partners II Limited) is deemed to be interested in the Shares held by Advantech II under the SFO.

Since Advantech I, a Shareholder holding approximately 0.03% of the Shares as of June 30, 2021, is ultimately controlled by Mr. PANG Kee Chan Hebert, each of Advantech Capital Partners II Limited, Advantech Capital II L.P., Advantech Capital II Master Investment Limited, Advantech Capital II Investment Partners Limited and Mr. PANG Kee Chan Hebert is deemed to be interested in all the Shares held by Advantech I and Advantech II under the SFO.

(5) The calculation is based on the total number of 935,836,620 Shares in issue as of June 30, 2021.

(L) Long position.

Save as disclosed above, as at June 30, 2021, 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, Underlying Shares and Debentures of the Company or Any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time for the six months ended June 30, 2021 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 subsidiaries of the Group purchased, redeemed or sold any of the Company's listed securities for the six months ended June 30, 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its securities code to regulate the dealing by the Directors in securities of the Company. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended June 30, 2021.

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 for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the six months ended June 30, 2021.

The Company has also established a policy on inside information to comply with its obligations under the SFO and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the six months ended June 30, 2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2021.

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 had adopted and applied the principles and code provisions as set out in the Corporate Governance Code as the basis of the Company's corporate governance practices. During the six months ended June 30, 2021, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code, except for the deviation from provision A.2.1 of the Corporate Governance Code.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. XU currently serves as the chairman of the Board and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. Our Directors believe that it is beneficial to the business operations and management of the Group that Dr. XU continues to serve as both the chairman of the Board and the chief executive officer of the Company.

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.

Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ending December 31, 2021.

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 27, 2021, being the publication date of the Company's annual report for 2020, are set out below:

Change of Independent Non-executive Directors

Dr. GUO Zijian (郭子建) was appointed as an independent non-executive Director on August 27, 2021 in place of Dr. JIANG Hualiang who resigned as the independent non-executive Director with effect from August 27, 2021. For further details, please refer to the announcement of the Company dated August 27, 2021.

Change of Information of the Directors

Mr. WEI Kevin Cheng (蔚成), our independent non-executive Director, ceased to be the non-executive director, the chairman of the board of directors and the nomination committee and a member of the remuneration committee of Tibet Water Resources Ltd., a company listed on the Stock Exchange (stock code: 1115) with effect from June 30, 2021.

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.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2021 have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, 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 and by the Audit Committee. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended June 30, 2021 to the Shareholders (June 30, 2020: nil).

SHARE OPTION SCHEME

Pre-IPO Share Option Plans

The Company has adopted two share options plans, namely the Pre-IPO Share Option Plan I and the Pre-IPO Share Option Plan II. The terms of both plans are not subject to the provisions of Chapter 17 of the Listing Rules. The purpose of the Pre-IPO Share Option Plans is to advance the interests of the Company by providing for the grant to the participants of the options. Further details of the Pre-IPO Share Option Plans are set out in the Prospectus, Company's 2019 annual report, 2020 interim report and 2020 annual report of the Company.

Details of the movements of the options granted under the Pre-IPO Share Option Plans as of June 30, 2021 are as follows:

Name of category of grantee	Date of grant	Option period	Exercise price (US$)	Number of Shares underlying options outstanding as of January 1, 2021	Number of options exercised during the Reporting Period	Number of options cancelled/lapsed during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2021
Directors							
XU Ting	Between June 30, 2019 to November 8, 2019	10 years from the date of grant	Between 0.0142 to 0.4898	Plan I: 12,508,830 Plan II: 4,234,670	–	–	Plan I: 12,508,830 Plan II: 4,234,670
LIU Yang	October 10, 2018	10 years from the date of grant	0.0142	Plan I: 2,240,000	–	–	Plan I: 2,240,000
Other Grantees in Aggregate							
	Between October 10, 2018 to November 13, 2019	10 years from the date of grant	Between 0.0142 to 0.4898	Plan I: 11,194,480 Plan II: 2,088,605	Plan I: 789,500 Plan II: 107,750	Plan I: 2,423,870 Plan II: 286,500	Plan I: 7,981,110 Plan II: 1,694,355
Total				32,266,585	897,250	2,710,370	28,658,965

Note:

(1) The closing market price per Share immediately before the date on which the options were exercised during the period was HK$24.45.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted by the Company on May 25, 2020. The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize them to remain with the Group, as well as for such other purposes as the Board may approve from time to time. Further details of the Post-IPO Share Option Scheme are set out in the circular of the Company dated April 22, 2020.

As of June 30, 2021, 8,975,000 options had been granted. And among the total options, 125,000 options were cancelled or lapsed under the Post-IPO Share Option Scheme.

Post-IPO Restricted Share Award Scheme

The Post-IPO Restricted Share Award Scheme was adopted by the Company on March 23, 2021 for the purpose of the Company's grant of Award Shares to Selected Participants from time to time pursuant to the Scheme Rules. Further details of the Post-IPO Restricted Share Award Scheme are set out in the announcement of the Company dated March 23, 2021.

As of June 30, 2021, no option had been granted or agreed to be granted, exercised, cancelled or lapsed under the Post-IPO Restricted Share Award Scheme.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on December 12, 2019. The net proceeds from the global offering amounted to approximately HK$2,042.5 million. As of June 30, 2021, approximately HK$327.3 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		Proceeds from the global offering utilized as of June 30, 2021		Amounts not yet utilized as of June 30, 2021	
	HK$ million	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*
Key drug development programs						
the R&D and commercialization of KN046						
– the ongoing and planned clinical trials of, and preparation of registration filings for, KN046	817.0	40.0%	91.3	28.0%	725.7	42.0%
– the launch and, subject to regulatory approval, commercialization of KN046	204.3	10.0%	4.0	1.0%	200.3	12.0%
Subtotal	***1,021.3***	***50.0%***	***95.3***	***29.0%***	***926.0***	***54.0%***
the R&D and commercialization of KN026						
– the ongoing and planned clinical trials of, and preparation of registration filings for, KN026	326.8	16.0%	60.4	18.0%	266.4	16.0%
– the launch and, subject to regulatory approval, commercialization of KN026	81.7	4.0%	1.6	0.0%	80.1	5.0%
Subtotal	***408.5***	***20.0%***	***62.0***	***19.0%***	***346.5***	***20.0%***
the R&D of KN019	102.1	5.0%	6.0	2.0%	96.1	6.0%
Subtotal	***1,531.9***	***75.0%***	***163.3***	***50.0%***	***1,368.6***	***80.0%***
The construction of our new manufacturing and R&D facilities in Suzhou	**306.4**	**15.0%**	**138.3**	**42.0%**	**168.1**	**10.0%**
The early-stage pipeline and our working capital and general corporate purposes	**204.3**	**10.0%**	**25.6**	**8.0%**	**178.6**	**10.0%**
Total	**2,042.5**	**100.0%**	**327.3**	**100.0%**	**1,715.2**	**100.0%**

The Company expects that approximately HK$700.0 million to HK$1,000.0 million, accounting for approximately 37.0% to 55.0% of the net proceeds of the global offering, will be utilized by end of 2021 and plans to utilize the balance of net proceeds of the global offering by the end of 2022. The expected timeline for utilizing the net proceeds from the global offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation. Going forward, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there is no change in the intended use of net proceeds as previously disclosed in the Prospectus.

EVENTS AFTER THE END OF REPORTING PERIOD

Save as disclosed in the section headed "Management Discussion and Analysis – Business Review – Events after the Reporting Period", no important events affecting the Company occurred since the Reporting Period and up to the date of this interim report.

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.

By order of the Board
Alphamab Oncology
Dr. XU Ting
Chairman and executive Director

Hong Kong, August 27, 2021

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF ALPHAMAB ONCOLOGY
康寧傑瑞生物製藥
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Alphamab Oncology (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 72 which comprise the condensed consolidated statement of financial position as of June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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 these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 27, 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021

	NOTES	Six months ended June 30, 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Other income	4	**22,503**	44,341
Other gains and losses	5	**(13,552)**	33,666
Research and development expenses	18	**(231,947)**	(133,724)
Administrative expenses		**(38,131)**	(40,579)
Finance costs	6	**(6,237)**	(6,804)
Loss before taxation		**(267,364)**	(103,100)
Income taxation	7	**–**	–
Loss for the period	8	**(267,364)**	(103,100)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**454**	8
Total comprehensive expense for the period		**(266,910)**	(103,092)
Loss per share in Renminbi ("RMB")	10		
– Basic		**(0.29)**	(0.11)
– Diluted		**(0.29)**	(0.11)

Condensed Consolidated Statement of Financial Position

As at June 30, 2021

	NOTES	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	**381,544**	361,030
Right-of-use assets	11	**35,252**	31,991
Deposits paid for acquisition of property, plant and equipment		**24,736**	12,797
Other receivables, deposits and prepayments	12	**33,914**	34,476
		475,446	440,294
Current assets			
Inventories		**51,002**	44,321
Other receivables, deposits and prepayments	12	**53,126**	84,795
Financial assets at fair value through profit or loss ("FVTPL")	13	**55,010**	43,530
Derivative financial instruments	13	**3,717**	5,863
Time deposits with original maturity over three months	14	**1,159,836**	1,835,398
Cash and cash equivalents	14	**702,018**	185,321
		2,024,709	2,199,228
Current liabilities			
Trade and other payables	15	**148,661**	121,939
Amount due to a related company	21	**9,994**	3,765
Lease liabilities		**11,354**	10,146
Bank borrowings		**209,800**	188,000
Contract liabilities	3	**–**	469
Deferred income		**3,216**	5,216
		383,025	329,535
Net current assets		**1,641,684**	1,869,693
Total assets less current liabilities		**2,117,130**	2,309,987

	NOTES	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		**5,326**	3,309
Bank borrowings		**86,712**	21,350
Contract liabilities	3	**12,510**	12,244
Deferred income		**2,000**	–
		106,548	36,903
Net assets		**2,010,582**	2,273,084
Capital and reserves			
Share capital	16	**13**	13
Reserves		**2,010,569**	2,273,071
Total equity		**2,010,582**	2,273,084

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserve (note) RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2021 (audited)	**13**	**3,712,749**	**(120,708)**	**(620)**	**75,874**	**(1,394,224)**	**2,273,084**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(267,364)**	**(267,364)**
Other comprehensive income for the period	**–**	**–**	**–**	**454**	**–**	**–**	**454**
Total comprehensive expense for the period	**–**	**–**	**–**	**454**	**–**	**(267,364)**	**(266,910)**
Exercise of share options	**–**	**3,903**	**–**	**–**	**(3,560)**	**–**	**343**
Recognition of equity-settled share-based payment (Note 17)	**–**	**–**	**–**	**–**	**4,065**	**–**	**4,065**
At June 30, 2021 (unaudited)	**13**	**3,716,652**	**(120,708)**	**(166)**	**76,379**	**(1,661,588)**	**2,010,582**
At January 1, 2020 (audited)	12	3,434,420	(120,708)	(114)	78,773	(966,458)	2,425,925
Loss for the period	–	–	–	–	–	(103,100)	(103,100)
Other comprehensive income for the period	–	–	–	8	–	–	8
Total comprehensive expense for the period	–	–	–	8	–	(103,100)	(103,092)
Issue of ordinary shares from exercising over-allotment options	1	245,220	–	–	–	–	245,221
Transaction costs directly attributable to issue of new shares from exercising over-allotment options	–	(7,554)	–	–	–	–	(7,554)
Exercise of share options	–	35,172	–	–	(31,308)	–	3,864
Recognition of equity-settled share-based payment (Note 17)	–	–	–	–	20,086	–	20,086
At June 30, 2020 (unaudited)	13	3,707,258	(120,708)	(106)	67,551	(1,069,558)	2,584,450

Note:

The other reserve comprises:

(i) the accumulated losses derived from the oncology business ("Oncology Business") of Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("Suzhou Alphamab"), a company controlled by Dr. Xu Ting ("Dr. Xu") who is in turn the controlling shareholder of the Company, prior to its transfer to the Company and its subsidiaries (collectively referred to as the "Group") of Oncology Business on April 18, 2018 and during the transition period after the transfer up to the end of May 2019, as such accumulated losses legally belong to Suzhou Alphamab which is not a member of the Group;

(ii) the net contribution for the Oncology Business by Suzhou Alphamab on the funding used in the Oncology Business, which was provided by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business; and

(iii) the net equity impact resulting from a group reorganization of the entities comprising the Group that was completed on September 25, 2018.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2021

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before taxation	**(267,364)**	(103,100)
Adjustments for:		
Depreciation of right-of-use assets	**5,793**	5,568
Depreciation of property, plant and equipment	**13,585**	8,547
Exchange losses (gains), net	**21,316**	(34,665)
Gain on derivative financial instruments	**(7,765)**	–
Finance costs	**6,237**	6,804
Interest income	**(13,546)**	(35,162)
Share-based payment expenses	**4,065**	20,086
Government grants income from deferred income	**–**	(1,160)
Operating cash flows before movements in working capital	**(237,679)**	(133,082)
Increase in inventories	**(6,681)**	(7,074)
Increase in other receivables, deposits and prepayments	**(790)**	(1,293)
Increase (decrease) in trade and other payables	**23,354**	(24,707)
Increase in deferred income	**–**	15,000
Increase in amount due to a related company	**6,229**	3,295
Decrease in contract liabilities	**(469)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(216,036)**	(147,861)

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Placement of time deposits with original maturity over three months	**(5,156,568)**	(2,071,998)
Purchase of property, plant and equipment	**(40,491)**	(45,043)
Purchase of financial assets at FVTPL	**(12,000)**	(19,300)
Payment for deposits paid for acquisition of property, plant and equipment	**(16,973)**	–
Proceeds from redemption of time deposits with original maturity over three months	**5,829,033**	411,679
Interest received	**46,567**	16,290
Proceeds from disposal of financial assets at FVTPL	**520**	10,900
Settlement of derivative financial instruments	**9,911**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**659,999**	(1,697,472)
FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares from exercising over-allotment options	**–**	245,221
New bank borrowings raised	**265,162**	9,000
Transaction costs directly attributable to issue of new shares from exercising over-allotment options	**–**	(20,788)
Repayment of lease liabilities	**(6,150)**	(4,375)
Interest paid	**(5,904)**	(6,340)
Repayment of bank borrowings	**(178,000)**	(9,000)
Exercising of share options	**343**	3,864
NET CASH FROM FINANCING ACTIVITIES	**75,451**	217,582
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**519,414**	(1,627,751)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**185,321**	1,867,866
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(2,717)**	78
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**702,018**	240,193

1. GENERAL AND BASIS OF PREPARATION

Alphamab Oncology (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on March 28, 2018 under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since December 12, 2019.

The Company and its subsidiaries (collectively the "Group") is principally engaged in research and development, manufacturing and commercialization of biologics of oncology.

The condensed consolidated financial statements are presented in Renminbi (the "RMB"), which is the same as the functional currency of the Company.

In addition, the condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior year and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

Co-development agreement with 3D Medicines Corporation ("3D Medicines") in relation to KN035 drug candidate

In February 2016, the Group entered into an agreement with 3D Medicines and pursuant to which, the Group will jointly develop and commercialize KN035 drug candidate with 3D Medicines. Under the agreement, the Group received a non-refundable upfront payment of RMB10 million from 3D Medicines and has an exclusive right to manufacture and supply KN035 to 3D Medicines for further commercialization to ultimate customers. Upon the Group manufacturing the product and transferring the control of goods to 3D Medicines for commercialization, the Group will recognize revenue in respect of the upfront payment received.

In addition, the Group considers the non-refundable upfront payment of RMB10 million from 3D Medicines contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money at a discount rate of 4.35% per annum taking into consideration the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provide by the customer or the entity, including assets transferred in the contract. As this accrual increases the amount of the contract liabilities during the period of development of KN035 drug candidate, it increases the amount of revenue to be recognized when the Group commences the manufacturing of the product and the transfer of control of goods to 3D Medicines for commercialization.

Unsatisfied performance obligations

The following table shows the aggregate amount of the contract liabilities allocated to performance obligations that are unsatisfied at the end of the reporting period.

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Co-development and commercialization of KN035 (Note)	**12,510**	12,244
Others	**–**	469
	12,510	12,713

Note: Deferred revenue included in contract liabilities will be recognized over the period of KN035 product life cycle with reference to the budgeted manufacture order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage).

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

Substantially all of the Group's non-current assets are located in the People's Republic of China ("PRC"), accordingly, no analysis of geographical segment is presented.

4. OTHER INCOME

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	**13,546**	35,162
Government grants income (Note)	**6,722**	9,179
Others	**2,235**	–
	22,503	44,341

Note: Government grants income mainly includes subsidies from the PRC local government in support of oncology drug development.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Exchange (losses) gains, net	**(21,316)**	34,665
Gain on derivative financial instruments	**7,765**	–
Others	**(1)**	(999)
	(13,552)	33,666

6. FINANCE COSTS

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank borrowings	**6,509**	5,785
Contract liabilities	**266**	510
Lease liabilities	**321**	509
	7,096	6,804
Less: Interest capitalized in construction in progress ("CIP")	**(859)**	–
	6,237	6,804

Borrowing costs capitalized during the six months ended June 30, 2021 arose on the specific bank borrowings for the construction of new facilities.

7. INCOME TAXATION

The Company is exempted from taxation under the laws of the Cayman Islands.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC entities is 25% (2020: 25%). On July 11, 2020, Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) was accredited as a "high-tech enterprise" in Suzhou Free Trade Zone and is entitled to obtain a refund from the local government of Suzhou Free Trade Zone for a three-year period since 2020.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 26% (2020: 27.5%). Alphamab (Australia) Co. Pty. Ltd. is qualified as a small business entity and is subject to a corporate tax rate of 26% (2020: 27.5%).

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the US Tax Cuts and Jobs Act, the US corporate income tax is charged at a rate of 21%.

No provision for income taxation has been made as the Company and its subsidiaries either had no assessable profit or incurred tax losses in all relevant places of operation for the reporting period.

8. LOSS FOR THE PERIOD

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff cost (including directors' emoluments):		
Salaries and other allowances	**50,432**	33,863
Retirement benefits scheme contributions	**8,217**	2,512
Share-based payment expenses	**4,065**	20,086
Total staff costs	**62,714**	56,461
Auditor's remuneration	**1,457**	1,549
Cost of inventories included in research and development expenses	**29,847**	27,252
Outsourcing service fees included in research and development expenses	**128,041**	57,299
Short-term lease expenses	**335**	20
Depreciation of property, plant and equipment	**13,585**	8,547
Depreciation of right-of-use assets	**5,793**	5,568

9. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the interim period, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculations of the basic and diluted loss per share are based on the following data:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss:		
Loss for the period for the purposes of calculating basic and diluted loss per share	**(267,364)**	(103,100)
Number of shares ('000):		
Weighted average number of shares for the purposes of calculating basic and diluted loss per share	**935,123**	925,576

The calculation of diluted loss per share for the six months ended June 30, 2021 and 2020, has not considered shares options awarded under the share option schemes as disclosed in Note 17 as their inclusion would be anti-dilutive. The calculation of diluted loss per share for the six months ended June 30, 2020 has also not considered over-allotment options as their inclusion would be anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended June 30, 2021, the Group had additions to construction in progress of approximately RMB33,867,000 (the six months ended June 30, 2020: RMB17,561,000 (unaudited)) and property, plant and equipment of approximately RMB232,000 (the six months ended June 30, 2020: RMB1,747,000 (unaudited)), respectively, which mainly consists of research and development plant and equipment. The Group also entered into two new lease agreements for its office premises for 3 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognized RMB9,054,000 of right-of-use assets and lease liabilities (the six months ended June 30, 2020: RMB860,000 (unaudited)), respectively.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Deposits	**1,135**	1,302
Interest receivables	**8,833**	41,853
Prepayments	**43,196**	41,290
Other receivables	**969**	1,097
Value-added tax recoverable	**32,907**	33,729
	87,040	119,271
Presented as non-current assets	**33,914**	34,476
Presented as current assets	**53,126**	84,795
	87,040	119,271

13. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS

As at June 30, 2021 and 31 December 2020, the Group placed with licensed commercial banks in the PRC for RMB-denominated structured deposits with maturity within 1 year after the end of the reporting period. The indicative annual interest rates for the structured deposits ranged from 2.83% to 3.05% per annum as at June 30, 2021 (December 31, 2020: 2.40% to 2.95% per annum), however, the actual interest to be received is uncertain until maturity and the principal is not protected. Such structured deposits were accounted for as financial assets at FVTPL under IFRS 9.

13. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group measured the above structure deposits as level 2 financial instrument as below:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	June 30, 2021 RMB'000	December 31, 2020 RMB'000		
Financial assets				
Structured deposits	**55,010**	43,530	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets

In addition, the Group entered into several foreign exchange forward contracts with banks in order to manage the Group's foreign currency exposure in relation to US$ against RMB and did not elect to adopt hedge accounting for those contracts. These contracts are presented in the condensed consolidated financial statements as derivative financial instruments as follows:

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Foreign exchange forward contracts	**3,717**	5,863

13. FINANCIAL ASSETS AT FVTPL/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The major terms of the foreign exchange forward contracts are as follows:

	Average strike rate as at June 30, 2021	Foreign currency as at June 30, 2021 US$'000	Notional value as at June 30, 2021 RMB'000	Fair value assets as at June 30, 2021 RMB'000
Sell US$				
7 to 12 months	**6.8220**	**12,005**	**81,899**	**3,717**

The Group measured the above derivative financial instruments as level 2 financial instrument as below:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs
	June 30, 2021 RMB'000	December 31, 2020 RMB'000		
Foreign exchange forward contracts	**3,717**	5,863	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties

Except for the financial assets at FVTPL and derivative financial instruments disclosed above, no financial assets and financial liabilities of the Group are measured at fair value as at June 30, 2021 and December 31, 2020. The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements, however, approximate their fair values.

14. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/ CASH AND CASH EQUIVALENTS

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Cash at banks and on hand	**293,597**	44,479
Time deposits with original maturity less than three months (Note)	**408,421**	140,842
Cash and cash equivalents	**702,018**	185,321
Time deposits with original maturity over three months (Note)	**1,159,836**	1,835,398
	1,861,854	2,020,719

Note: The time deposits were placed with licensed commercial banks in the PRC and Hong Kong. The time deposits confer the Group rights of early redemption at amortized cost before the maturity date. The time deposits carry interest at fixed rates ranging from 0.21% to 3.66% per annum as at June 30, 2021 (2020: 0.01% to 3.66% per annum).

Bank balances carry interest at prevailing market interest rates ranging from 0.01% to 0.30% per annum as at June 30, 2021 (2020: 0.01% to 0.30% per annum).

15. TRADE AND OTHER PAYABLES

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Trade payables	**6,273**	1,512
Accrued expenses		
– Outsourcing service fees	**80,178**	51,150
– Other research and development expenses	**3,534**	4,711
– Staff costs	**13,633**	15,858
– Interest payable	**299**	238
– Others	**10,227**	5,650
	107,871	77,607
Payables for acquisition of property, plant and equipment	**26,547**	38,831
Other payables	**7,970**	3,989
	148,661	121,939

The average credit period of trade payables ranged from 30 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of reporting period:

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
0 – 90 days	**6,209**	1,512
Over 90 days	**64**	–
	6,273	1,512

16. SHARE CAPITAL

The details of the movement of the Company's authorized and issued ordinary shares during the reporting period are set out as below:

	Number of shares	Par value per share	Amount US$'000
Authorized:			
As at January 1, 2020 (audited), June 30, 2020 (unaudited), December 31, 2020 (audited) and June 30, 2021 (unaudited)	25,100,000,000	US$0.000002	50

	Notes	Number of shares	Par value per share	Amount US$'000
Issued and fully paid:				
As at January 1, 2020 (audited)		897,011,575	US$0.000002	2
Exercise of the over-allotment option	(a)	26,910,000	US$0.000002	– *
Exercise of share options	(b)	9,543,795	US$0.000002	– *
As at June 30, 2020 (unaudited)		933,465,370	US$0.000002	2
Exercise of share options	(c)	1,474,000	US$0.000002	– *
As at December 31, 2020 (audited)		934,939,370	US$0.000002	2
Exercise of share options	(d)	897,250	US$0.000002	– *
As at June 30, 2021 (unaudited)		935,836,620	US$0.000002	2

16. SHARE CAPITAL (Continued)

	RMB'000
Shown in the condensed consolidated statement of financial position:	
As at December 31, 2020 (audited)	13
As at June 30, 2021 (unaudited)	13

* less than +/- US$1,000

Notes:

(a) On January 4, 2020, 26,910,000 ordinary shares of the Company were allotted and issued by the Company at HK$10.20 per share for gross proceeds of approximately HK$274,482,000 (equivalent to RMB245,221,000) upon the exercise of the over-allotment options by the joint global coordinators on behalf of the international underwriters of the Company's global offering.

(b) During the six months ended June 30, 2020, share option holders exercised their rights to subscribe for 8,672,855, 21,000 and 849,940 ordinary shares in the Company at US$0.01, US$0.25 and US$0.49 per share, respectively.

(c) During the six months ended December 31, 2020, share option holders exercised their rights to subscribe for 1,066,010, 94,195 and 313,795 ordinary shares in the Company at US$0.01, US$0.25 and US$0.49 per share, respectively.

(d) During the six months ended June 30, 2021, share option holders exercised their rights to subscribe for 789,500, 45,250 and 62,500 ordinary shares in the Company at US$0.01, US$0.25 and US$0.49 per share, respectively.

17. SHARE OPTION SCHEMES

(a) Equity-settled pre-IPO share option scheme of the Company:

(i) Pursuant to a written resolution of the shareholders of the Company dated October 16, 2018, a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme I") of the Company was approved and adopted. The Pre-IPO Share Option Scheme I was established to recognize and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its existing employees, including any full time or part time employee (including any executive and non-executive director or proposed executive director and non-executive director) of the Group (the "Employees"), and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options under the Pre-IPO Share Option Scheme I have a contractual option term of ten years. Options granted must be taken up within 10 years from the date of grant, upon payment US$0.071 per option at the time of exercise (equivalent to HK$0.554 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by grantees under the Pre-IPO Share Option Scheme I during the period:

	Number of Share options
Outstanding as at January 1, 2021	**25,943,310**
Forfeited during the period	**(2,423,870)**
Exercised during the period	**(789,500)**
Outstanding as at June 30, 2021	**22,729,940**

The closing price of the Company's shares immediately before the dates on which the options were exercised was HK$24.45. The Group recognized the total expense of RMB415,000 (unaudited) for the six months ended June 30, 2021 (the six months ended June 30, 2020: RMB15,471,000 (unaudited)) in relation to share options under the Pre-IPO Share Option Scheme I.

17. SHARE OPTION SCHEMES (Continued)

(a) Equity-settled pre-IPO share option scheme of the Company: (Continued)

(ii) Pursuant to a written resolution of the shareholders of the Company dated March 29, 2019, another pre-IPO share option scheme (the "Pre-IPO Share Option Scheme II") of the Company was approved and adopted on April 9, 2019. The Pre-IPO Share Option Scheme II was established to recognize and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its Employees, and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme II, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of either US$1.225 or US$2.449 per option (equivalent to HK$9.555 or HK$19.102 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligations to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by grantees under the Pre-IPO Share Option Scheme II during the period:

	Number of Share options
Outstanding as at January 1, 2021	**6,323,275**
Forfeited during the period	**(286,500)**
Exercised during the period	**(107,750)**
Outstanding as at June 30, 2021	**5,929,025**

The closing price of the Company's shares immediately before the dates on which the options were exercised was HK$24.45. The Group recognized the total expense of RMB820,000 (unaudited) for the six months ended June 30, 2021 (the six months ended June 30, 2020: RMB4,531,000 (unaudited)) in relation to share options under the Pre-IPO Share Option Scheme II.

17. SHARE OPTION SCHEMES (Continued)

(b) Equity-settled post-IPO share option scheme of the Company:

(i) Pursuant to a shareholders' resolution of the Company dated May 25, 2020, a post-IPO share option scheme (the "Post-IPO Share Option Scheme I") of the Company was approved and adopted. The Post-IPO Share Option Scheme I was established to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize them to remain with the Group, as well as for such other purposes as the board of directors of the Company may approve from time to time. Under the Post-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

On April 23, 2021, the Group has granted a total of 8,975,000 share options, at an exercise price of HK$13 per share to two independent non-executive directors and certain employees under the Post-IPO Share Option Scheme I, representing 1.0% of the issued share capital of the Company on the date of grant.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of HK$13.00 per option. No consideration is payable on the grant of an option. The Group has no legal or constructive obligations to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by grantees under the Post-IPO Share Option Scheme I during the period:

	Number of Share options
Outstanding as at January 1, 2021	–
Granted during the period	8,975,000
Forfeited during the period	(125,000)
Outstanding as at June 30, 2021	8,850,000

The Group recognized the total expense of RMB2,788,000 (unaudited) for the six months ended June 30, 2021 in relation to share options granted under the Post-IPO Share Option Scheme I.

17. SHARE OPTION SCHEMES (Continued)

(b) Equity-settled post-IPO share option scheme of the Company: (Continued)

Fair value of the Post-IPO Share Option Scheme I

These fair values were calculated using the binomial model. The inputs into the model were as follows:

	Date of grant June 30, 2021
Ordinary share price as at date of grant	**HK$24.45**
Exercise price	**HK$13.00**
Expected volatility	**34.0%**
Expected life	**10 Years**
Risk-free rate	**1.23%**
Expected dividend yield	**0.0%**
Total grant date fair value	**HK$47,609,966**

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate.

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

17. SHARE OPTION SCHEMES (Continued)

(c) Share option scheme with cash-settled alternatives of Suzhou Alphamab

Since May 2014, Suzhou Alphamab had issued 5 batches of share options under the share incentive plan adopted by Suzhou Alphamab (the "SZ ESOP Plan") as an incentive to employees and management of Suzhou Alphamab. Under the SZ ESOP Plan, the grantees can choose to settle in cash based on a calculation methodology as stated in the plan or in equity when Suzhou Alphamab completed the listing of its shares. Such SZ ESOP Plan was accounted for as a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash).

During the six months ended June 30, 2021, the Group recognized share-based payment expenses of RMB42,000 (unaudited) (the six months ended June 30, 2020: RMB84,000 (unaudited)) that are allocated to the Oncology Business under the SZ ESOP Plan.

18. RESEARCH AND DEVELOPMENT EXPENSES

	June 30, 2021 RMB'000 (unaudited)	June 30, 2020 RMB'000 (unaudited)
Outsourcing service fees	**128,041**	57,299
Staff costs	**40,745**	30,053
Raw material costs	**29,847**	27,252
Office rental costs, utilities, and depreciation and amortization	**20,469**	14,757
Others	**12,845**	4,363
	231,947	133,724

19. CAPITAL COMMITMENTS

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**84,917**	21,813

20. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to banks in order to secure the bank borrowings and general banking facilities granted by banks to the Group are as follows:

	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Land use rights included in right-of-use assets	**21,928**	22,175
Buildings	**219,567**	225,872
Plant and machinery	**35,916**	38,129
CIP	**7,966**	7,966
	285,377	294,142

21. RELATED PARTY TRANSACTIONS

During the reporting period, the Group entered into the following transactions with its related company:

			Six months ended June 30,	
			2021	2020
			RMB'000	RMB'000
Related company	**Relationship**	**Nature of transactions**	**(unaudited)**	(unaudited)
Suzhou Alphamab	Entity controlled by Dr. Xu	Utilities expenses	**1,605**	822
		Interest expenses - lease liabilities	**235**	467
		Process development expense	**10,442**	3,329

Balance with related company at the end of reporting period:

	June 30, 2021	December 31, 2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Amount due to Suzhou Alphamab	**9,994**	3,765
Lease liabilities to Suzhou Alphamab	**8,275**	13,074

The amount due to Suzhou Alphamab is trade in nature, unsecured, interest free and has no fixed repayment terms.

The following is an aged analysis of the amount due to Suzhou Alphamab presented at the end of reporting period:

	June 30, 2021	December 31, 2020
	RMB'000	RMB'000
	(unaudited)	(audited)
0 - 90 days	**9,994**	3,765