东曜药业
TOT BIOPHARM

東曜藥業股份有限公司

TOT BIOPHARM International Company Limited

2022 Interim Report

(Incorporated in Hong Kong with limited liability)

Stock Code: 1875

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CORPORATE INFORMATION

E ECUTIVE DIRECTORS
Dr. Liu, Jun *(Chief Executive Officer)*
Ms. Yeh-Huang, Chun-Ying *(Vice Chairman of the Board)*

NON-E ECUTIVE DIRECTORS
Mr. Fu, Shan *(Chairman of the Board)*
Mr. Qiu, Yu Min

INDEPENDENT NON-E ECUTIVE DIRECTORS
Ms. Hu, Lan
Mr. Chang, Hong-Jen
Dr. Wang, De Qian

AUDIT AND CONNECTED TRANSACTIONS REVIE COMMITTEE
Ms. Hu, Lan *(Chairlady)*
Mr. Qiu, Yu Min
Mr. Chang, Hong-Jen

REMUNERATION COMMITTEE
Mr. Qiu, Yu Min *(Chairman)*
Mr. Chang, Hong-Jen
Dr. Wang, De Qian

NOMINATION COMMITTEE
Mr. Fu, Shan *(Chairman)*
Ms. Hu, Lan
Dr. Wang, De Qian

STRATEG AND ESG COMMITTEE
Mr. Fu, Shan *(Chairman)*
Dr. Liu, Jun
Ms. Yeh-Huang, Chun-Ying
Mr. Qiu, Yu Min
Dr. Wang, De Qian

JOINT COMPAN SECRETARIES
Mr. Chen, Yifan
Mr. Lui, Wing Yat Christopher *(Associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom)*

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PLACE OF LISTING AND STOCK CODE
The Stock Exchange of Hong Kong Limited
1875

PRINCIPAL BANKS
Shanghai Pudong Development Bank
Bank of China
Agricultural Bank of China
China Merchants Bank
Bank of Jiangsu

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor

LEGAL ADVISER
Sullivan & Cromwell (Hong Kong) LLP

INVESTORS AND MEDIA RELATIONS CONSULTANT
Hong Kong ZHIXIN Financial News Agency Limited

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of research and development of new drugs, the Company is actively leveraging on the technical advantages of the ADC platform to promote the pre-clinical development of TAE020, an ADC candidate with new target. The development of TAC020, a new target antibody

2. Marketing Strategy of Launched Products

At present, TOT BIOPHARM has three products approved for launch: TAB008 (Pusintin® – Bevacizumab injection), TOZ309 (Tazian® – Temozolomide capsule) and TOM218 (Megaxia®

In respect of the domestic market, TOT BIOPHARM has entered into an exclusive promotion service agreement with Jiangxi Jixin Pharmaceutical Co., Ltd. (江西濟鑫醫藥有限公司) ("Jixin Pharmaceutical"), a wholly-owned subsidiary of Jiangxi Jimin Kexin Pharmaceutical Industry Investment Co., Ltd. (江西濟民可信醫藥產業投資有限公司) ("Jimin Kexin Pharmaceutical"), for the marketing of Pusintin® in mainland China. Leveraging on Jimin Kexin Pharmaceutical's strong marketing network and extensive promotion experience, Pusintin®'s market channels have expanded rapidly. In the first half of 2022, with the close cooperation of both parties, the sales network of Pusintin® covered all provinces and autonomous regions across China other than the Tibet Autonomous Region. Through comprehensive market analysis and differentiated marketing strategies, the Company has developed and tapped into potential markets and key prefecture-level cities with concentrated patient groups, and has achieved remarkable results in second and third-tier cities and provincial markets that adopt dual-channel pharmacy. We have also gradually penetrated into third and fourth-tier cities and county-level cities, thereby greatly enhancing the drug accessibility for cancer patients. In addition, TOT BIOPHARM has provided high-quality and efficient market supply through its large-scale commercial production platform and professional logistic channels, which can meet the increasing market demand of Pusintin® and benefit cancer patients.

In respect of overseas markets, on 11 January 2022, TOT BIOPHARM entered into license cooperation with Kexing Biopharm Co., Ltd. (科興生物製藥股份有限公司) (688136.SH) ("Kexing Biopharm") for the commercial licensing of Pusintin® in overseas markets. Through this cooperation, TOT BIOPHARM will join hands with Kexing Biopharm to introduce Pusintin® to international markets, expand its market presence in emerging countries, and provide cancer patients in emerging countries with high-quality and affordable drugs. As of the first half of 2022, through the good cooperation between the parties, the parties have reached preliminary cooperation intentions with more than ten countries and have completed the collection and collation of registration application materials in several countries. We will initiate the project data submission process in the second half of the year.

Tazian®

– *Tazian® (Temozolomide capsule)*
Tazian® was approved for launch by the NMPA on 31 May 2021 for the treatment of newly diagnosed glioblastoma multiforme, which is used initially together with radiotherapy, and then as maintenance therapy for the treatment of glioblastoma multiforme or anaplastic astrocytoma that recurs or progresses after conventional treatment. Temozolomide capsules were included in the fourth batch of national centralized procurement catalogue in 2021.

In the first half of 2022, the Company was selected as the supplier in the renewal of centralized procurement by the Thirteen Allied Provinces, Jiangsu Province and Hebei Province, which helped us to tap into the sales markets. Meanwhile, the Company has entered into marketing cooperation with Jixin Pharmaceutical in China to expand its market share through various and flexible marketing strategies to expand in the non-centralized procurement market channels.

Megaxia®

– *Megaxia® (Megestrol acetate oral suspension)*
Megaxia®, a product for which the Company is an import agent, was approved for launch by the NMPA on 13 May 2021 for the treatment of anorexia associated with acquired immunodeficiency syndrome ("AIDS") as well as significant weight loss of AIDS and cancer patients caused by cachexia. This product was imported from TWi Pharmaceuticals, Inc. (安成國際藥業股份有限公司) with a specification of 125 mg/mL (150 mL/bottle). The Company owns the exclusive agency rights of this product in mainland China, Hong Kong and Macau.

In March 2022, TOT BIOPHARM reached an agreement with Frontier Biotechnologies Inc. (前沿生物藥業(南京)股份有限公司) (688221.SH) ("Frontier Biotechnologies") in respect of marketing in mainland China, pursuant to which TOT BIOPHARM granted Frontier Biotechnologies the marketing promotion license of Megaxia® in the field of AIDS. This cooperation represents a powerful combination of both parties' advantages in products and channels. Frontier Biotechnologies is a leading domestic company in the field of innovative antiviral drugs and has established the most extensive and in-depth marketing system covering medical institutions in the field of domestic AIDS prevention and treatment in mainland China. This marketing cooperation will enhance the accessibility of the drug, actively contribute to the treatment of AIDS cachexia and improve patients' quality of life.

3. Internationally Competitive ADC Industry Chain Platform

Known as the "magic bullet", ADC has already undergone many times of technical iterations and generated good clinical data, and the industry has attached great attention to it. ADC has emerged as a new force for the treatment of oncology. According to the market forecast of the Nature research journal, the global ADC drug market will reach USD16.4 billion by 2026. As of June 2022, 14 ADC drugs have been approved for launch worldwide, and 4 products have been approved for launch in mainland China, with most of them being imported. Among them, TAA013, a self-developed ADC drug by TOT BIOPHARM, is in the Phase III clinical study stage and has attracted close attention from the market.

– *Industry-leading ADC one-stop industrialization platform*

In 2020, as our ADC product TAA013 entered into Phase III clinical trial, TOT BIOPHARM set up a commercial production platform for ADC at its headquarters in Suzhou Industrial Park, thereby building a complete industrial platform that covers

– *Full-process technical team with extensive experience*

TOT BIOPHARM has a complete team covering the whole process from process research and development, clinical production, registration and approval application to commercial production, as well as ADC coupling process technology research and development experts and an ADC complex molecular structure analysis team. So far, more than ten clinical production projects with drug process development involving different ADC technologies and at different stages (including pre-market process validation) have been completed, and extensive practical experience has been accumulated.

III. COMMERCIAL PRODUCTION AND CONSTRUCTION OF GLOBAL RESEARCH AND DEVELOPMENT CENTER

1. Commercial Production Bases and Construction Projects

TOT BIOPHARM has established an internationally competitive biopharmaceutical commercial production base equipped with advanced production facilities and a quality management system that meets domestic and international standards. The production scale of mAb drug substances has reached 20,000L, and multi-batch commercial production of bevacizumab injection (Pusintin®) products has been successfully carried out, with a product qualification rate of 100%. With its key ADC commercialized production platform, the Company has become a leading enterprise in the industry and has been highly recognized by industrial partners. TOT BIOPHARM has a GMP-compliant complete ADC commercial production platform which is scarce in China that integrates ADC naked antibodies, drug substances and drug products, which can realize the whole product completion process in one production base. At present, we have successfully completed the commercial-scale production of multiple projects at different stages from Phase I to Phase III clinical stages. Our well-established technical team, advanced processes, comprehensive production facilities and well-established assurance system serve as a guarantee for the high quality of products.

In the first half of 2022, TOT BIOPHARM continued to expand its commercial production capacity, improve the comprehensive capabilities of its ADC commercial production platform, and successfully completed the renovation of its ADC pilot production workshop. At the same time, it actively promoted the construction of the second ADC drug products commercial production line and ADC drug substances pilot production line.

Cell Culture Room

Purification Room

In 2022, the Company's production capacity by category as well as the particulars of construction in progress and production lines are as follows:

A (A DS)	
Workshops for mAb drug substances	• Gained GMP certification by NMPA • Production capacity reached 20,000L for different scales of mAb drug substances production, such as commercialization projects, pilot tests and small trials • International leading brand of disposable bioreactors with flexible and continuous production capability
A (A DP)	
Workshops for mAb commercialization drug products	• Gained GMP certification by NMPA, which can meet the commercial production of self-developed products and the production of CDMO products • International leading brand of automatic filling injection production line
Workshops for mAb pilot drug products *(Planned for production in the first half of 2023)*	• International leading brand of isolator filling linkage production line, which can meet the needs of different specifications of products • Equipped with a 6-DOF clean and sterile robot arm which enjoys enormous advantages of supplementary filling in case of insufficient filling, supplementary provision of rubber stoppers and aluminum caps, minimized tailing loss, high yield and convenient replacement of specifications • Independent design of automatic filling line, automatic feeding and discharging as well as capping, which can realize freeze-drying, injection switching and continuous production, and maximize the utilization of production capacity
ADC (ADC DS)	
Workshops for ADC commercialization drug substances	• Up to 500L ADC drug substances production scale • Completed clinical production and process validation of multiple batches of ADC drugs, which are compliant with GMP standards and meet flexible and diverse commercial production needs
Workshops for ADC pilot drug substances *(Planned for production in the second half of 2022)*	• Equipped with ADC drug substances production facilities of 100L, 200L, 500L and other scales • GMP standard compliant and with commercialization capability
ADC (ADC DP)	
Workshops for ADC commercialization drug products *(Planned for production in the first half of 2023)*	• The international leading brand of high-activity isolator filling linkage production line • Specially designed for the production of scarce high-activity products to ensure aseptic production while meeting the needs of personnel safety protection • Independent design of automatic filling line, automatic feeding and discharging as well as capping, which can realize freeze-drying, injection switching and continuous production, and maximize production capacity
Workshops for ADC pilot drug products	• High-activity isolator filling linkage production line, which has successfully completed clinical production and process validation of multiple batches in multiple ADC projects
S	
Workshops for oral solid drug products	• Equipped with commercial production capacity for tablet and capsule drug products • Completed clinical production and process validation of multiple batches in CDMO projects • Gained GMP certification from NMPA regarding the commercial production of self-developed products • Equipped with an independent OEB-5 production line for highly active cytotoxic products

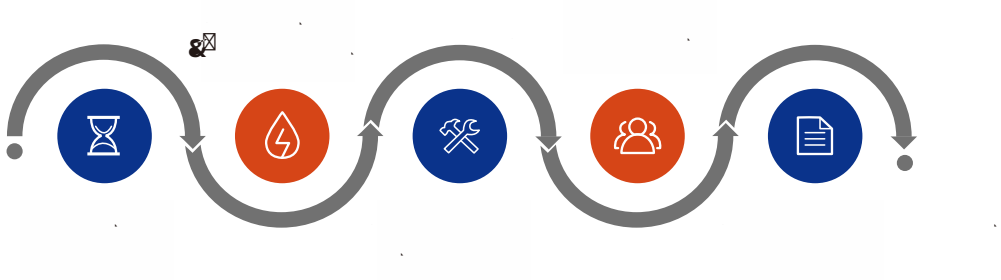
2. Construction of Global Research and Development Center

In order to further strengthen its technological advantages in the R&D of innovative drugs, TOT BIOPHARM actively promoted the construction of its Global Research and Development Center. The main building is expected to be completed in 2023, with a gross floor area of 25,000 m^2 and will house divisions such as early R&D, process development, quality research and head office. The core R&D experimental zone will be able to hold 280 to 300 R&D staff members and simultaneously handle the research, process development and other tasks in relation to multiple mAb drugs, ADC drugs, oncolytic virus drugs and special small molecule oncology drugs, and will be seamlessly connected with the production zone. In addition, placing R&D and production under one roof will facilitate the synergic efficiency for the whole drug development process, thereby enhancing the R&D efficiency and cost advantages.

IV. DEVELOPMENT AND COMPETITIVE ADVANTAGES OF CDMO BUSINESS

With the booming development of CDMO/CMO business, market demand is rapidly increasing in China. According to Frost & Sullivan, China's CDMO/CMO market revenue will grow at a CAGR of 30.0% between 2021 and 2025, and China's overall CDMO/CMO market revenue is expected to be RMB123.5 billion in 2025. Specifically, the biological drug CDMO/CMO business will grow at a CAGR of 36.7% between 2021 and 2025. TOT BIOPHARM actively seized the opportunities of the rapid development of China's pharmaceutical industry, accelerated its transformation and upgrade, and actively expanded its CDMO business, demonstrating strong and sustainable development potential. As of the first half of 2022, revenue from the Company's CDMO business amounted to RMB22.66 million, representing a year-on-year increase of 94%. In terms of the number and types of projects, there were 23 collaborative projects in the first half of the year, including 8 ADC projects, 10 antibody projects and 5 chemical drug and other projects. In terms of project phases, they covered projects of different stages including pre-clinical, IND, Phase I clinical, Phase II clinical and Phase III clinical, of which the majority was 19 projects in the IND stage, including 16 projects for both NMPA and FDA, 2 projects for FDA, and 1 project for EMA. With the continuous expansion of the CDMO market potential, TOT BIOPHARM will provide more customers with high-level one-stop CDMO services and build a world-class CDMO service brand by drawing upon its accumulated experience in various stages from product R&D to commercial production.

C A TOT BIOPHARM' CDMO/CMO B :



1. Competitive Advantages of CDMO/CMO Business

(1) One-stop high-level service capability

TOT BIOPHARM is committed to becoming a professional partner for customers in the global innovative drug field. Through its open technology platform and industry-leading commercial production capabilities, the Company provides "one-stop, one-base" CDMO services to its partners and customers. TOT BIOPHARM enjoys a great industrial location advantage. It can realize all the stages from R&D to finished product manufacturing in its Suzhou Industrial Park headquarters, which greatly decreases the risks and costs of transfer in terms of project management and transportation. At the same time, relying on its rich project experience, the Company can customize precise solutions according to the different needs of customers. Through its sound technology transfer process, high-standard GMP production platform, well-established GMP quality system, experienced regulatory support as well as mature and stable technical team, the Company is capable of completing projects with high quality and high efficiency.

(2) Leading ADC R&D technology platform

Based on the domestic R&D and industrialization platform which is scarce in China that integrates mAb and ADC, TOT BIOPHARM enjoys the advantages of advanced coupling core technology and ADC analysis technology, and has high-standard quality management system and GMP standard compliant commercialization capabilities, which empowers ADC drug development.

TOT BIOPHARM has a complete team covering the whole process from process research and development, clinical production, registration and approval application to commercial production. So far, the team has completed more than ten drugs which employ different ADC technologies, including pre-clinical to Phase I, II and III clinical R&D and production projects, and pre-commercial production projects with pre-market process validation, thereby accumulating rich practical experience. The team is capable of providing high-quality and cost-effective system solutions for the R&D and production of ADC drugs, and providing partners with reliable CDMO services in the ADC field.

(3) Proven quality management system

"Zero Tolerance for Quality Defects" has always been the quality standard of TOT BIOPHARM, and high quality assurance is crucial to drug development. We have continuously improved and upgraded our quality management system. According to the requirements of NMPA, FDA and EMA regulations and guidelines, as well as lifecycle management requirements of ICH Q8, Q9, Q10 drug quality system, we have established a key quality management system spanning from research and development to commercialization, and have traceable records and successful project experiences. The entire team can provide customers with comprehensive regulatory support and quality management services during the entire lifecycle of product development, registration application (clinical trial & marketing) and post-marketing, and has extensive experience in project registration application and regulatory communication. To date, the team has completed more than 10 domestic and overseas registration application projects, including domestic and overseas IND applications and ANDA/NDA applications.

The Company's chemical drug capsule

2. Strategic Cooperation of CDMO/CMO Business

TOT BIOPHARM has firmly grasped market opportunities, with its business covering diversified needs for various products including chemical drugs, mAb drugs and ADC drugs. The Company joins hands with industry partners to accelerate the research and development of innovative drugs so as to satisfy patients' drug accessibility needs. So far, the Company has undertaken different project orders from pharmaceutical companies and R&D biotechnology companies, and has received positive feedback and secured repeat orders from customers. In addition, leveraging on our geographical advantage, we have accelerated the expansion of new customer resources and demonstrated our competitive advantages, and have ushered in a new era whereby our business continued to grow and was highly recognized by investors and partners. In January 2022, TOT BIOPHARM signed a CDMO strategic cooperation agreement with Jiangxi Jemincare Group Co., Ltd. (江西濟民可信集團有限公司) to provide one-stop services that covers drug R&D through commercial production.

Strategic CDMO Cooperation with Jiangxi Jemincare Group Co., Ltd.

V. COMMUNICATION ITHIN THE INDUSTR

Through fostering closer connections with industry partners with the help of digital information and communication, TOT BIOPHARM has continuously enhanced its reputation and brand image. During the first half of the year, we launched a brand new creative interactive campaign to strengthen the Company's external digital brand-communication by donating books through our WeChat official account. The campaign enabled all participants to learn more about TOT BIOPHARM through reading and sharing. In addition, as a leading enterprise in the ADC field, TOT BIOPHARM actively interacted and communicated with its industrial partners to promote the Company's strategy, latest business developments and corporate culture through online channels.

On 30 March 2022, TOT BIOPHARM set up a digital virtual booth at the "2022 New Biopharmaceutical Advanced Technology Summit" (2022新型生物藥先進技術峰會) and has shared our strategies for and the challenges in ADC drug development by way of cloud-based exhibition. On 19 May 2022, Dr. Liu, Jun, CEO of TOT BIOPHARM, was invited to participate in the Enmore Cloud Summit (易貿雲峰會) as guest of honor to share with other guests the market prospects and development model of the ADC pharmaceutical industry.

VI. USE OF FUNDS AND FINANCING

On 31 May 2022, TOT BIOPHARM entered into share subscription agreements with Vivo Suzhou Fund and Centerlab. Pursuant to the subscription agreements, Vivo Suzhou Fund and Centerlab would subscribe for 116,250,000 and 33,750,000 shares of TOT BIOPHARM respectively, at the subscription price of HKD3.15 per share. The aggregate of 150,000,000 shares represented approximately 24.38% of the issued share capital of the Company as at the date of the announcement of the subscriptions. Such subscription price represented a premium of approximately 4.79% over the average closing price of the five trading days prior to the date of the subscription agreements. On 29 July 2022, all conditions precedent under each of the subscription agreements were satisfied and the subscriptions were completed in full. After completion of the subscriptions, Vivo Capital LLC and Centerlab have a shareholding of approximately 28.68% and 28.66%, respectively. The funds raised are intended to be primarily used for: the further expansion of the CDMO business and strengthening project-based collaboration with domestic and foreign pharmaceutical companies; the on-going construction of the Global Research and Development Center and upgrade of our ADC commercial production capacity so as to improve cost-effectiveness; completion of Phase III clinical trial of TAA013 as well as ongoing pre-clinical and clinical trials of TAE020, TAC020 and other drug candidates; and the commercial production, marketing and sales activities of Pusintin®, Tazian® and Megaxia®. Such funds will improve the Company's liquidity without incurring additional interest burden, enlarge the Company's capital base, optimize the Company's capital structure and provide support for the Company's long-term development, while at the same time demonstrating the confidence and continuous support for the Group's development from our two largest shareholders.

VII. RESPONSE TO COVID-19 OUTBREAKS AND SUSTAINABLE DEVELOPMENT

In the first half of the year, while responding to a series of pandemic prevention and control tasks carried out by the government, TOT BIOPHARM formulated a number of management policies and contingency plans. While strictly implementing the pandemic prevention measures, the Company overcame a string of difficulties including tight schedules, heavy workload and logistical disruptions, actively maintained its production lines and stabilized its production capacity to ensure meeting market demand for the Company's products and services. As such, we were highly recognized by our customers and industrial partners. Up to now, all operational projects of the Company have been progressing in an orderly manner, and the impact of the COVID-19 outbreaks on the Company has been minimized.

In order to further improve the standard of corporate governance, on the basis of the Strategy and ESG (Environmental, Social and Governance) Committee, TOT BIOPHARM has conducted a thorough study and review on the internal and external environments relating to the Company, and formulated reasonable and normalized working mechanisms and goals in line with the actual development of the Company, so as to incorporate ESG concepts into all aspects of the Company's operations, thereby effectively improving the standard of corporate governance and enhancing the sustainable development capabilities of the Company.

VIII. PROSPECTS

Looking into the second half of 2022, with the impact of COVID-19 easing off, there is a positive future development trend in the economic environment. TOT BIOPHARM will deploy various resources to boost the development of its key businesses.

The Company will actively promote the Phase III clinical data analysis and marketing approval process of TAA013, and expedite the marketing planning for Pusintin® and Tazian® with an aim to continuously increase the market share of its products and generate stable cash flow for the Company. We will also deepen our communication with CDMO partners and keep on exploring new customer groups so as to rapidly grow the scale of our CDMO business and strengthen the Company's cash generating capabilities. In addition, the Company will accelerate the upgrade of its ADC commercial production capacity, promote the construction of its Global Research and Development Center, and cooperate with leading industrial partners to take advantage of each other's resources and enjoy synergies. Based on its long-term strategic needs, TOT BIOPHARM will continue to optimize its capital structure, and support the strategic transformation of the Company and the leapfrog development of its CDMO business through diversified financing and strategic cooperation.

Looking ahead, we will capitalize on our strengths, focus on our main businesses, accelerate our internationalization, improve our management standards, strengthen our cooperation with industry partners and show more care to our employees. We believe that our core competitiveness will continue to be strengthened and our ability to create greater value for our shareholders will be further enhanced.

FINANCIAL REVIEW

Financial review

FINANCE INCOME

The Group's finance income is primarily interest income on bank deposits. The finance income for the first half of 2022 was RMB415 thousand, representing a decrease of RMB299 thousand from RMB714 thousand for the same period in 2021, which was mainly due to the increase in operating activities.

FINANCE COSTS

The Group's finance costs are primarily interest expenses on bank borrowings for satisfying operational needs and capital expenditures for capacity enhancement, etc.

The Group's interest expenses on bank borrowings for the first half of 2022 were RMB3,418 thousand, representing an increase of RMB3,144 thousand from RMB274 thousand for the same period in 2021, mainly attributable to the increase in interest expenses as a result of the Group's banking facilities being utilized since mid-2021.

INCOME TA E PENSE

For the first half of 2022 and the same period in 2021, the Group did not incur any income tax expense because the Group had not generated any taxable income during the two periods.

LOSS FOR THE PERIOD

In view of the abovementioned factors, the Group recorded a net loss of RMB15,724 thousand for the first half of 2022, representing a significant decrease of RMB99,281 thousand from RMB115,005 thousand for the same period in 2021.

NET ASSETS

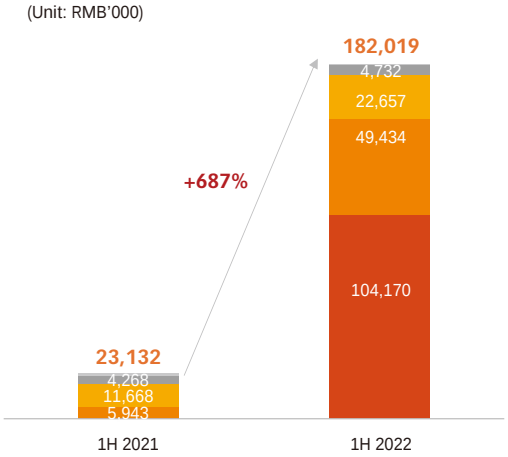
The Group's net assets as at 30 June 2022 were RMB328,168 thousand, representing a decrease of RMB6,923 thousand from RMB335,091 thousand as at the end of 2021, which was mainly attributable to the net loss during the current period.

CASH MOVEMENT AND SOURCE OF FUNDS

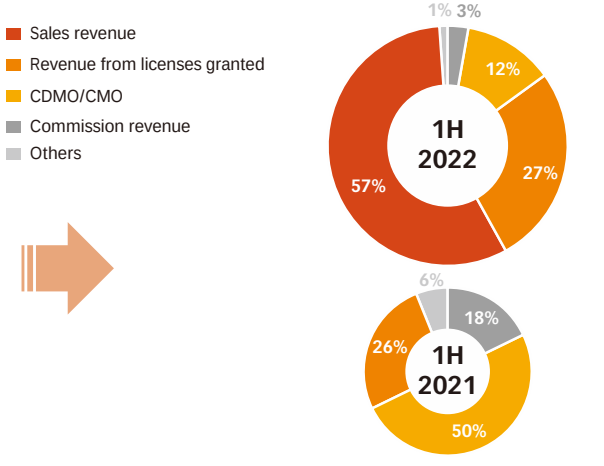
As at 30 June 2022, the Group's cash and cash equivalents were RMB154,876 thousand, representing an increase of RMB2,071 thousand from RMB152,805 thousand as at the end of 2021. Such change was mainly attributable to the cash outflows and inflows related to operating loss, capital expenditures, and taking out bank borrowings, etc.

During the first half of 2022, the Group's net cash inflows for operating activities were RMB24,241 thousand, while the net cash outflows for the same period in 2021 were RMB93,624 thousand, which was mainly due to the significant increase in sales revenue during the current period. The Group's net cash outflows for investing activities for the current period were RMB63,411 thousand, representing an increase of RMB7,901 thousand from RMB55,510 thousand for the same period in 2021, which was mainly attributable to capital investment for enhancing production capacity and the increase in investment in joint ventures. The Group's net cash inflows for financing activities were RMB37,994 thousand, representing a decrease of RMB42,943 thousand from RMB80,937 thousand for the same period in 2021, which was mainly attributable to the repayment of bank borrowings during the current period.

Income Distribution



% Income by Each Category



INDEBTEDNESS AND KE LIQUIDIT RATIO

As at 30 June 2022, the Group had outstanding bank borrowings that amounted to RMB244,775 thousand (31 December 2021: RMB205,966 thousand) and had unutilised bank facilities of RMB140,225 thousand (31 December 2021: RMB120,225 thousand). For further details, please refer to note 12 to the interim condensed consolidated financial information.

As at 30 June 2022, the Group's total liabilities to total assets ratio was 0.6 (31 December 2021: 0.5). The increase was mainly attributable to the increase in prepayments brought by the growth of product sales and CDMO business of the Group.

MAJOR INVESTMENT

On 9 November 2021, the Group commenced the construction of its global R&D center. The proposed total investment for the project is approximately RMB180 million. On 31 December 2021, TOT Suzhou (a wholly-owned subsidiary of the Company) entered into a construction agreement with Shanghai Baoye Group Corp., Ltd. (上海寶冶集團有限公司), under which the total contract sum payable to Shanghai Baoye Group Corp., Ltd. is RMB83,500,000.14. Further details are set out in the announcement of the Company dated 31 December 2021. During the six months ended 30 June 2022, the Group incurred expenditure of RMB19,722,700.03 in connection with the construction agreement entered into with Shanghai Baoye Group Corp., Ltd. and RMB23,387,979.47 in total in connection with the construction of the global R&D center.

In 2021, the Group also commenced the project of upgrading its ADC formulations production workshop for the purpose of increasing its production capacity as well as enhancing its production efficiency. A total of RMB72,571,013.98 was incurred by the Group during the six months ended 30 June 2022 in connection with the project of upgrading its ADC formulations production workshop.

Save as disclosed above, the Group did not make any major investment during the six months ended 30 June 2022.

MAJOR ACQUISITIONS AND DISPOSALS

During the first half of 2022, the Group did not have any major acquisitions and disposals of subsidiaries, consolidated affiliated entity or associates.

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities.

FOREIGN E CHANGE RISK

Certain bank balances and cash, trade receivables and other receivables, contract assets and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign exchange risk. Foreign exchange risk also arises from future commercial transactions and recognized assets and liabilities denominated in a currency other than the functional currency of the relevant group entity. The Group has entities operating in USD, NTD and RMB, and the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

EMPLOYEES AND REMUNERATION

As at 30 June 2022, the Group had a total of 355 employees. The following table sets forth the total number of employees by function as of 30 June 2022:

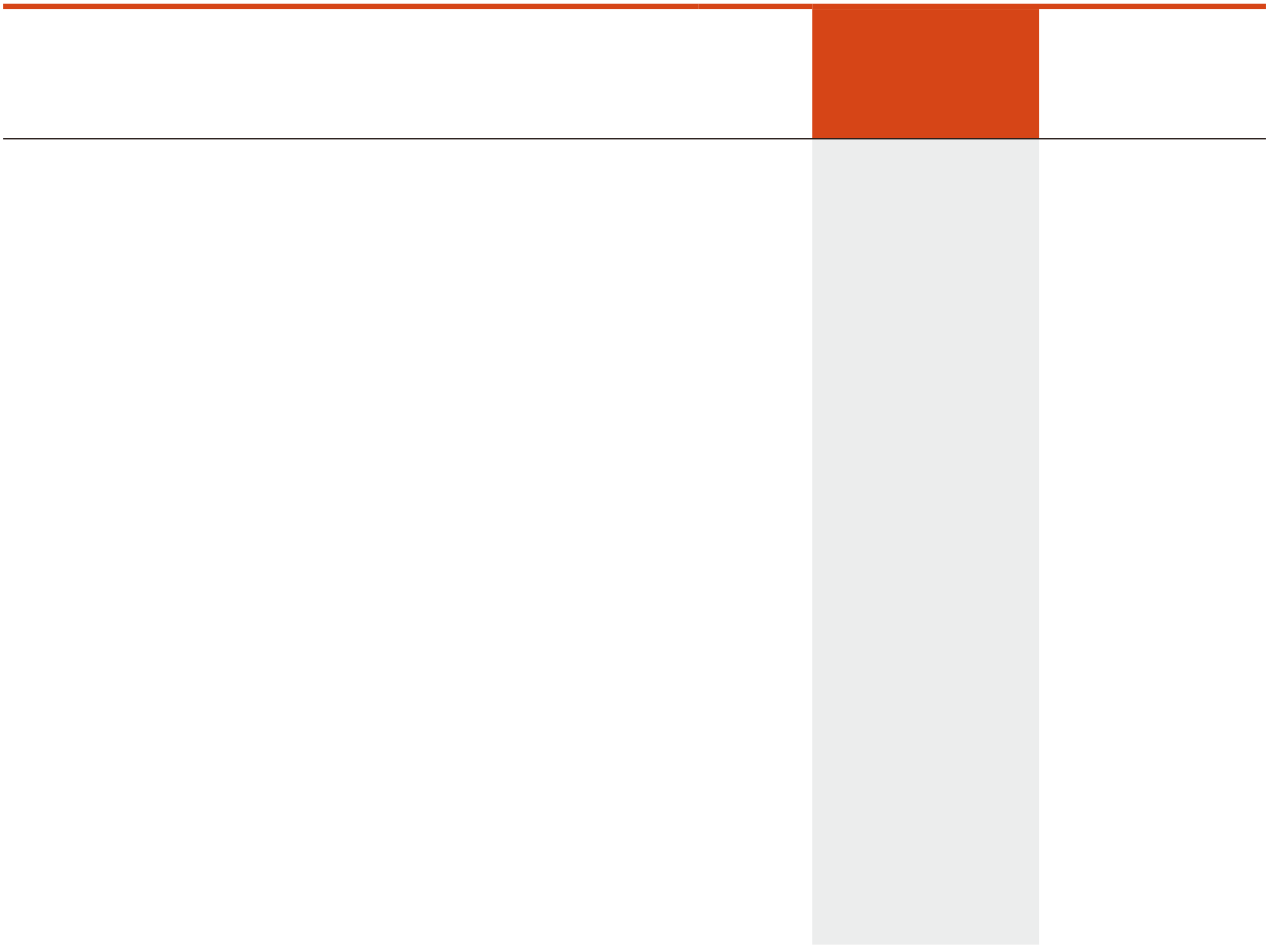
F	N	%
Research and development	209	58.87%
Sales and marketing	93	26.20%
General and administration	40	11.27%
Manufacturing	13	3.66%
Total	355	100%

In the first half of 2022, the Group incurred employee benefit expenses of RMB60,831 thousand, as compared to RMB65,213 thousand in the first half of 2021. The employee benefit expenses of the Group include salaries, wages, bonuses, contributions to employee provident fund and social security funds, payments for other benefits and share-based compensation expenses, etc. In accordance with applicable PRC laws, the Group has made contributions to social security insurance funds, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing provident funds for its employees. In accordance with applicable Taiwan laws, the Group has made contributions to social security insurance funds.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

Interim condensed consolidated balance sheet



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	A S	U O	A C	T
	RMB'000	RMB'000	RMB'000	RMB'000
B 1 J 2022	**1,892,906**	**37,797**	**(1,595,612)**	**335,091**
Loss for the period			**(15,724)**	**(15,724)**
Other comprehensive income		**3,236**		**3,236**
T		**3,236**	**(15,724)**	**(12,488)**
T				
Share-based compensation expense		**5,565**		**5,565**
T		**5,565**		**5,565**
B 30 J 2022	**1,892,906**	**46,598**	**(1,611,336)**	**328,168**
B 1 J 2021	1,874,438	49,503	(1,341,584)	582,357
Loss for the period	–	–	(115,005)	(115,005)
Other comprehensive income	–	25	–	25
T	–	25	(115,005)	(114,980)
T				
Share-based compensation expense	–	4,011	–	4,011
Issue of shares upon exercise of share options	3,249	(1,259)	–	1,990
Increase in share capital upon receipt of the grant consideration for award shares	15,219	(7,599)	–	7,620
T	18,468	(4,847)	–	13,621
B 30 J 2021	1,892,906	44,681	(1,456,589)	480,998

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	U S 30 J	
	2022 RMB'000	2021 RMB'000
C /( )		
Net cash generated from/(used in) operations	**28,437**	(94,292)
Interest received	**415**	714
Interest paid	**(4,611)**	(46)
N /( )	**24,241**	(93,624)
C		
Purchase and prepayment of property, plant and equipment	**(57,872)**	(55,140)
Purchase of intangible assets	**(405)**	(384)
Proceeds from disposal of property, plant and equipment	**16**	14
Cash injection into a joint venture	**(5,150)**	–
N	**(63,411)**	(55,510)
C		
Proceeds from bank borrowings	**100,000**	72,175
Repayments of bank borrowings	**(61,191)**	–
Proceeds from issue of shares upon exercise of share options		1,990
Proceeds from receipt of the grant consideration for award shares		7,620
Payment of lease liabilities	**(815)**	(848)
N	**37,994**	80,937
N	**(1,176)**	(68,197)
Cash and cash equivalents at beginning of the period	**152,805**	225,533
Exchange gains/(losses) on cash and cash equivalents	**3,247**	(1,093)
C	**154,876**	156,243

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

TOT BIOPHARM International Company Limited (the "Company") was incorporated in Hong Kong on 4 December 2009 as a company with limited liability under the Hong Kong Law. The address of its registered office is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in research and development ("R&D"), manufacturing, and marketing of anti-tumor drugs in the People's Republic of China (the "PRC").

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 12 August 2022.

2 SUMMAR OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with Accounting Standard HKAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

The financial information relating to the year ended 31 December 2021 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.1 Basis of preparation *(cont'd)*

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

S	K	E
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 9, HKFRS 16, HKFRS 1 and HKFRS 41	Annual improvements HKFRS Standards 2018-2020	1 January 2022

(b) Impact of standards issued but not yet applied by the Group

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the period are as follows:

S	K	E
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

There have been no changes in the risk management mechanism since the year ended 31 December 2021 or

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.2 Liquidity risk *(cont'd)*

As at 31 December 2021

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and other payables (Note 13)	60,403	–	–	–	60,403
Borrowings (including interest payables)	152,102	2,540	62,873	–	217,515
Lease liabilities (including interest payables)	1,530	1,000	198	–	2,728
	214,035	3,540	63,071	–	280,646

3.3 Fair value estimation

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, trade and other receivables (excluding prepayments), contract assets, borrowings and accruals and other payables) approximate their fair values.

The Group applies HKFRS 13 for financial instruments that are measured in the consolidated balance sheet at fair value, which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (For example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.3 Fair value estimation *(cont'd)*

There were no Group's assets that were measured at fair value at 30 June 2022 (31 December 2021: Nil):

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the six months ended 30 June 2022 (For the six months ended 30 June 2021: same).

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period for the six months ended 30 June 2022 (For the six months ended 30 June 2021: same).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 2021 annual report.

5 SEGMENT AND REVENUE INFORMATION

(a) Description of segments and principal activities

The Group is mainly engaged in the research, development and licensing of self-developed biological drug. The outcome of the Group's research and development activities will be given preference to be used by the Group for its own commercialization. There is one team managing and operating all revenue streams. Accordingly, management considers there is only one segment and hence no segment information is presented.

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(b) The amount of each category of revenue is as follows:

	S	30 J
	2022 RMB'000	2021 RMB'000
Timing of revenue recognition		
At a point in time:		
– Sales of goods	**104,170**	13
– Revenue from license granted	**49,434**	5,943
– CDMO/CMO	**8,918**	4,404
– Commission revenue	**4,732**	4,268
– Others	**130**	–
Over time:		
– CDMO	**13,739**	7,264
– Others	**896**	1,240
	182,019	23,132

(c) The following table presents the analysis of contract assets and contract liabilities related to the above-mentioned arrangements.

	30 J 2022 RMB'000	31 December 2021 RMB'000
Contract assets:		
– CDMO/CMO (i)	**17,418**	11,210
– Sales commission	**1,505**	742
Contract liabilities:		
– CDMO/CMO (ii)	**(34,515)**	(22,199)
– Sales of goods	**(1,218)**	–
	(16,810)	(10,247)

(i) Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules.

(ii) Contract liabilities arise from CDMO and CMO which are recognized when the advances are received before the services are rendered to customers and will be recorded as revenue within one year.

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(d) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	S	30 J
	2022 RMB'000	2021 RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the period – Service revenue – CDMO/CMO	**7,430**	3,834

(e) Unfulfilled long-term contracts

In January 2017, the Group entered into an agreement with a pharmaceutical company for licensing one of its bio-pharmaceutical know-how to the customer for development and commercialization for a period of 10 years.

The license contract includes an upfront fee of RMB8,400,000 (including tax), development milestone payments and commercial milestone payments of RMB76,100,000 (including tax) in aggregate. The contract also includes sales-based royalties. The Group has received the upfront payment and development milestone payments of RMB23,100,000 (including tax) in total as at 31 December 2021. For the six months ended 30 June 2022, certain development milestone and commercial milestones of RMB32,400,000 (including tax) in total were achieved by the Group (For the six months ended 30 June 2021: certain development milestone of RMB6,300,000 (including tax) was achieved). The Group is entitled to receive up to an aggregate of RMB29,000,000 (including tax) upon the achievement of additional development and commercial milestones.

In January 2022, the Group entered into an agreement with a pharmaceutical company for licensing one of its biological antibody drugs to the customer for development and commercialization in certain overseas regions (the "Cooperation Area") for 10 years after the date of obtaining the marketing authorization by the first regulatory authority in the Cooperation Area.

The license contract includes an upfront fee of RMB10,000,000 (including tax), and development milestone payments of RMB20,000,000 (including tax) in aggregate. The contract also includes sales-based royalties. For the six months ended 30 June 2022, the technology has been transferred and the Group has received the upfront payment and the first development milestone of RMB20,000,000 (including tax) in total. The Group is entitled to receive up to an aggregate of RMB10,000,000 (including tax) upon the achievement of additional specified milestones related to the development and regulatory approval of the biological antibody drugs.

Contract duration of CDMO/CMO services are generally for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(f) Geographical information

Geographical information of revenue and non-current assets other than financial assets for the six months ended 30 June 2022 and 2021 is as follows:

	S	30 J		
	2022		2021	
	R	N -	Revenue	Non-current assets
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	**182,019**	**422,720**	23,132	339,162
Others		**387**	–	523
	182,019	**423,107**	23,132	339,685

6 LOSS BEFORE INCOME TA

	S	30 J
	2022	2021
	RMB'000	RMB'000
Loss before taxation has been arrived at after charging:		
– Employee benefit expenses	**60,831**	65,213
– Clinical trials (exclude employee benefit expenses)	**8,431**	13,104
– R&D materials and consumables	**4,515**	13,706
– Depreciation and amortisation charge (Note 9)	**18,681**	16,456

7 INCOME TA E PENSE

Income tax expense is recognized based on the management's estimate of the annual income tax rate expected for the full financial year.

No provision for income tax has been provided for as the Group has no estimated assessable profit.

8 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to owners of the Company by weighted average number of ordinary shares issued during the period.

	S	30 J
	2022	2021
Loss attributable to equity holders of the Company (RMB'000)	**(15,724)**	(115,005)
Weighted average number of ordinary shares in issue (thousand)	**575,197**	571,492
Basic loss per share (RMB)	**(0.03)**	(0.20)

8 LOSS PER SHARE *(cont'd)*

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2022, the Company had one category of potential ordinary shares: the stock options granted to employees (For the six months ended 30 June 2021: same). As the Group incurred losses for the six months ended 30 June 2022 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2022 and 2021 is the same as basic loss per share of the respective periods.

9 PROPERT , PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT OF USE ASSETS

	P ,	I	R - -
	RMB'000	RMB'000	RMB'000
S 30 J 2022			
O 1 J 2022	307,668	5,123	15,733
Additions	63,619	537	634

10 TRADE AND OTHER RECEIVABLES

	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade receivables (a)	**62,595**	11,735
Less: provision for impairment of trade receivables	**(923)**	–
Trade receivables – net	**61,672**	11,735
Other receivables (b)	**3,900**	3,297
Trade and other receivables	**65,572**	15,032

(a) Trade receivables

	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade receivables	**62,595**	11,735

Customers are generally granted with credit terms ranging from 60 to 90 days.

As of 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Within 30 days	**53,239**	1,336
31 days to 90 days	**5,445**	10,399
91 days to 180 days	**3,911**	–
	62,595	11,735

The carrying amounts of the Group's trade receivables are denominated in RMB and approximate their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

10 TRADE AND OTHER RECEIVABLES *(cont'd)*

(b) Other receivables

	30 J . 2022 RMB'000	31 December 2021 RMB'000
Advances to a supplier (Note (i))	**2,536**	2,577
Advances to employees (Note (ii))	**388**	624
Other receivables	**976**	96
Other receivables	**3,900**	3,297

Note (i) According to the purchase contract, the amount of the advance will be used to offset the purchase amount. In the scenario where the relevant purchase contract is early terminated and the advance has not been fully utilised, the supplier will repay the remaining amount within 60 days on an interest-free basis. The amount is unsecured.

Note (ii) The advances to employees are unsecured, interest bearing at 6% (2021: 6%) per annum, and repayable within one year.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	30 J . 2022 RMB'000	31 December 2021 RMB'000
RMB	**65,997**	14,556
USD	**498**	473
HKD		3
	66,495	15,032

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The carrying amounts of the Group's other receivables approximate their fair values.

11 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
As at 1 January 2021 (Audited)	600,466,697	1,874,438
Issue of shares upon exercise of share options (Note (a))	1,062,800	3,249
Increase in share capital upon receipt of the grant consideration under 2020 Restricted Shares Award Scheme (Note (b))	–	15,219
Issue of shares for 2021 Restricted Shares Award Scheme (Note (c))	13,700,000	–
As at 31 December 2021 (Audited)	615,229,497	1,892,906

12 BORRO INGS

	30 J . 2022 RMB'000	31 December 2021 RMB'000
C .		
– Unsecured bank borrowings (Note (a))	185,000	146,191
Non-current		
– Unsecured bank borrowings (Note (b))	59,775	59,775
	244,775	205,966

Note (a): Bank loans of RMB185,000,000 (As at 31 December 2021: RMB136,101,000 and EUR1,300,000, equivalent to RMB10,090,000) are unsecured, will be repayable in 2022 and bear annual interest rate ranging from 1.68% to 3.85% (As at 31 December 2021: 1.68% to 3.95%) with undrawn facilities up to RMB50,000,000 (As 31 December 2021: Nil).

Note (b): Bank loans of RMB59,775,000 (As at 31 December 2021: same) are unsecured, will be repayable in 2024, 2025 and 2026 and bear annual interest rate of 4.25% with undrawn facilities up to RMB90,225,000 (As at 31 December 2021: RMB120,225,000) for specific use on construction of plant, production line and equipment.

As at 30 June 2022 and 31 December 2021, the Group's bank borrowings were repayable as follows:

	30 J . 2022 RMB'000	31 December 2021 RMB'000
Within 1 year	185,000	146,191
Between 2 and 5 years	59,775	59,775
	244,775	205,966

The weighted average effective interest rates at each balance sheet date were as follows:

	30 J . 2022	31 December 2021
Bank borrowings	3.79%	3.78%

The carrying amounts of the Group's borrowings are denominated in RMB and EUR.

The fair values of borrowings equal to their carrying amounts as the discounting impact is not significant.

As at 30 June 2022, the Group has unutilised bank facilities of RMB140,225,000 (As at 31 December 2021: RMB120,225,000).

13 TRADE AND OTHER PA ABLES

	30 J . 2022 RMB'000	31 December 2021 RMB'000
Trade payables	**76,012**	28,214
Deposits payables	**30,450**	10,000
Staff salaries and welfare payables	**13,966**	19,898
Payables for purchase of property, plant and equipment	**8,772**	6,457
Refund liabilities	**6,878**	5,699
Others	**9,284**	15,970
	145,362	86,238

As at 30 June 2022 and 31 December 2021, the ageing analysis of trade payables based on invoice date are as follows:

	30 J . 2022 RMB'000	31 December 2021 RMB'000
Within 3 months	**63,759**	27,037
3 months to 6 months	**11,971**	507
6 months to 12 months	**155**	160
1 year to 2 years	**127**	510
	76,012	28,214

The Group's trade and other payables are denominated in the following currencies:

	30 J . 2022 RMB'000	31 December 2021 RMB'000
– RMB	**144,455**	81,098
– NTD	**518**	638
– HKD	**298**	3,862
– USD	**91**	74
– EUR		566
	145,362	86,238

14 DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2022 (Year ended 31 December 2021: Nil).

15 COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

	30 J 2022 RMB'000	31 December 2021 RMB'000
Property, plant and equipment	**224,654**	155,746

(b) Investment commitments

The investment of the Group to the joint venture but not yet injected is as follows:

	30 J 2022 RMB'000	31 December 2021 RMB'000
Huayao Pharmaceutical (Suzhou) Company Limited ("Huayao Suzhou")	**26,250**	31,400

16 RELATED PART TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2022 and 2021, and balances arising from related party transactions as at 30 June 2022 and 31 December 2021.

(a) Name and relationship with related parties

N	N
Center Laboratories Inc. ("Centerlab")	Entity having significant influence over the Company
Lumosa Therapeutics Co., Ltd.	Associate of Center Laboratories, Inc.
Huayao Suzhou	Joint venture of the Company

16 RELATED PART TRANSACTIONS *(cont'd)*

(b) Transactions with related parties

(i) Rental expenses charged by related parties

	S	30 J
	2022 RMB'000	2021 RMB'000
Lumosa Therapeutics Co., Ltd.	**41**	22

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of underlying agreements.

(c) Balances with related parties

(i) Payables on rental expenses

	30 J 2022 RMB'000	31 December 2021 RMB'000
Lumosa Therapeutics Co., Ltd.	**40**	81

(ii) Other receivables from related parties

	30 J 2022 RMB'000	31 December 2021 RMB'000
Huayao Suzhou	**435**	–

The balances due to related parties were unsecured, non-interest bearing and had no fixed repayment term as at 30 June 2022.

16 RELATED PART TRANSACTIONS *(cont'd)*

(d) Leasing arrangements

In February 2016, the Group signed a five-year office rental contract with Centerlab, which has an option for automatic extension upon expiry of the contract. This rental contract with Centerlab was terminated in September 2021. In October 2021, the Group entered into a 15-month office rental contract with Lumosa Therapeutics Co., Ltd. in substitution. The lease terms and prices were determined in accordance with mutual agreement, and rental payments are made on a monthly basis.

(i) Acquisition of right-of-use assets:

	S	30 J
	2022 RMB'000	2021 RMB'000
Centerlab		133

OTHER INFORMATION

DIRECTORS' AND CHIEF E ECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERL ING SHARES AND DEBENTURES OF THE COMPAN OR AN OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests or short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or 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:

Interests in shares or underlying shares of the Company

N D	N	N S (1)	A C (2)
Ms. Yeh-Huang, Chun-Ying	Beneficial owner	7,115,700 (L)	1.16%
	Interest through equity derivatives[3]	1,162,500 (L)	0.19%
	Beneficiary of a trust[4]	2,897,383 (L)	0.47%
Dr. Liu, Jun	Interest through equity derivatives[3]	1,100,000 (L)	0.18%
	Beneficiary of a trust[4]	2,741,609 (L)	0.45%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 615,229,497 Shares in issue as at 30 June 2022 and rounded off to two decimal places.

(3) These interests represent the interests in Shares underlying the Pre-IPO Share Options (being unlisted physically-settled equity derivatives) held by Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun, respectively.

(4) These interests represent the Restricted Award Shares held by Teeroy Limited on trust for Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Jun, respectively.

Save as disclosed above, as at 30 June 2022, so far as it was known to the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERL ING SHARES OF THE COMPAN

As at 30 June 2022, so far as it was known to the Directors or chief executives of the Company, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in shares or underlying shares of the Company

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERL ING SHARES OF THE COMPAN *(cont'd)*

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 615,229,497 Shares in issue as at 30 June 2022 and rounded off to two decimal places.

(3) Advantech Capital Investment V Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 49,136,800 Shares. Advantech Capital Investment V Limited is wholly owned by Advantech Capital II Master Investment Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is in turn wholly owned by Advantech Capital II L.P., a private equity fund incorporated under the laws of the Cayman Islands. The general partner of Advantech Capital II L.P. is Advantech Capital Partners II Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands. Advantech Capital Partners II Limited is wholly owned by Mr. Pang Kee Chan Hebert. For the purpose of the SFO, Advantech Capital II Master Investment Limited, Advantech Capital II L.P., Advantech Capital Partners II Limited and Mr. Pang Kee Chan Hebert are deemed to have an interest in the Shares held by Advantech Capital Investment V Limited.

(4) Prime Success International Limited directly held 56,573,500 Shares. Prime Success International Limited is a company with limited liability incorporated under the laws of Hong Kong, which is wholly owned by Chengwei Evergreen Capital, L.P., a venture capital fund incorporated under the laws of the Cayman Islands. The general partner of Chengwei Evergreen Capital, L.P. is Chengwei Evergreen Management, LLC, a limited liability company incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Chengwei Evergreen Capital, L.P. and Chengwei Evergreen Management, LLC are deemed to have an interest in the Shares held by Prime Success International Limited.

(5) Vivo Capital Fund VIII, L.P. directly held 90,718,100 Shares, and Vivo Capital Surplus Fund VIII, L.P. directly held 12,526,900 Shares. Both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. (referred to collectively as Vivo Capital) are limited partnerships organized under the laws of the State of Delaware of the United States. The general partner of Vivo Capital is Vivo Capital VIII, LLC, which is registered in the State of Delaware of the United States. Vivo Capital LLC, registered in the State of California of the United States, serves as the management company of Vivo Capital and has a form of advisory agreement with Vivo Capital VIII, LLC. For the purpose of the SFO, Vivo Capital VIII, LLC and Vivo Capital LLC are deemed to have an interest in the Shares held by Vivo Capital.

(6) Tricor Trust (Hong Kong) Limited directly held 34,393,566 Shares as trustee of a trust established by the trust deed dated 29 May 2020 entered into with the Company in connection with the Restricted Share Award Scheme for the benefit of participants who are not connected persons of the Company.

Save as disclosed above, as at 30 June 2022, no person, other than the Directors or chief executives of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations" in this report, had any interests or short positions in the Shares or underlying Shares as disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME

On 20 February 2013, the Company adopted the Pre-IPO Share Option Scheme with an aim to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders. The Pre-IPO Share Option Scheme was subsequently amended on 11 December 2017, 20 December 2018, 12 March 2019, 16 April 2019 and 22 July 2019. No further Pre-IPO Share Options may be granted on or after the Listing Date.

Details of the movements of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2022 are as follows:

D	D	E	E (S)	O 31 D 2021	N S G (30 J 2022)	E	P -IPO S O C / L	O 30 J 2022
1. Ms. Yeh-Huang, Chun-Ying (Director)								
20 February 2013	All vested	Till 19 February 2023	Approximately US$0.286	0	–	–	–	0
14 December 2017	Vested in four equal installments at each of the first four anniversaries of the date of grant	From the date of vesting till 13 December 2027	Approximately US$0.286	1,162,500	–	–	–	1,162,500
2. Dr. Liu, Jun (Director)								
25 December 2017	Vested in four equal installments on 1 January 2019, 2020, 2021 and 2022	From the date of vesting till 24 December 2027	Approximately US$0.286	1,000,000	–	–	–	1,000,000
21 January 2019	To be vested in five equal installments at the fulfillment of certain R&D targets and the second, third, fourth and fifth anniversaries thereof	From the date of vesting till 20 January 2029	Approximately US$0.286	100,000	–	–	–	100,000
3. Senior management and other grantees (being employees of and consultants to the Group)								
Between 20 February 2013 and 18 June 2019	Either vested or to be vested from one to six years from the date of grant or to be vested from zero to five years from the fulfillment of certain R&D targets	Generally, from the date of vesting till the date which is one day preceding the tenth anniversary of the date of grant	Approximately US$0.286	7,592,800	–	–	905,700	6,687,100
T				**9,855,300**			**905,700**	**8,949,600**

The Pre-IPO Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules. For further details of the Pre-IPO Share Option Scheme, please refer to pages V-36 to V-47 of the Prospectus.

RESTRICTED SHARE A ARD SCHEME

On 29 May 2020, the Company adopted the Restricted Share Award Scheme with an aim (i) to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders; and (ii) to compensate participants of the Pre-IPO Share Option Scheme for the dilutive effect of the capitalization issue in connection with the Global Offering on their Pre-IPO Share Options. On the same day, the Company entered into two trust deeds with the respective trustees to constitute the trusts in connection with the Restricted Share Award Scheme for the purpose of the grant of Restricted Award Shares to selected participants (who may be employees (including Directors) of or consultants to the Group) from time to time. The Restricted Share Award Scheme was subsequently amended on 29 July 2020 and 23 December 2021. The Restricted Share Award Scheme shall remain valid and effective for a period of ten years from the date of adoption. The aggregate number of Shares which may be allotted and issued to the trustees under the Restricted Share Award Scheme may not exceed 57,000,000 Shares. Pursuant to the terms of the Restricted Share Award Scheme, the maximum number of Shares which may be allotted and issued to the trustees under the Restricted Share Award Scheme during each financial year from 2021 onwards is 14,250,000 Shares. On 23 December 2021, the Board resolved to further amend the terms of the Restricted Share Award Scheme with regards to unvested Shares (i.e. Restricted Award Shares that have failed to vest or have lapsed in respect of a grantee). See the Company's announcement dated 23 December 2021 titled "(1) Grant of Award Shares under Restricted Share Award Scheme (2) Issue of New Shares under General Mandate (3) Amendment to Scheme Rules" for further details of the amendment.

On 29 May 2020, following the adoption of the Restricted Share Award Scheme, the Board also resolved to make a grant of 31,413,796 Restricted Award Shares to 84 grantees (including two Directors) under the Restricted Share Award Scheme; subsequently, on 28 December 2020, 30,466,697 Shares were allotted and issued to the trustees. On 23 December 2021, the Board resolved to make a further grant to 28 grantees (not including any Director) involving a total of 13,700,000 Restricted Award Shares; subsequently, on 30 December 2021, 13,700,000 Shares were allotted and issued to the relevant trustee.

As at 30 June 2022, the remaining number of Shares capable of being allotted and issued to the trustees under the Restricted Share Award Scheme was 12,833,303 Shares, and the number of unvested Shares held by Tricor Trust (Hong Kong) Limited and capable of being reallocated to other non-connected person grantees under the Restricted Share Award Scheme was 6,065,236 Shares.

RESTRICTED SHARE A ARD SCHEME *(cont'd)*

Details of the movements of the Restricted Award Shares granted under the Restricted Share Award Scheme during the six months ended 30 June 2022 are as follows:

T.	G.	G. (S)	O. 31 D 2021	N. R. A S. G., V. (30 J. 2022)		L.	O. 30 J. 2022	E.	E.
Teeroy Limited	Ms. Yeh-Huang, Chun-Ying (Director)	US$0.28634	965,795	–	–	–	965,795	14 December 2019	13 December 2027
		US$0.28634	965,794	–	–	–	965,794	14 December 2020	13 December 2027
		US$0.28634	965,794	–	–	–	965,794	14 December 2021	13 December 2027
			2,897,383	–	–	–	2,897,383		
Teeroy Limited	Dr. Liu, Jun (Director)	US$0.28634	623,093	–	–	–	623,093	1 January 2019	24 December 2027
		US$0.28634	623,093	–	–	–	623,093	1 January 2020	24 December 2027
		US$0.28634	623,093	–	–	–	623,093	1 January 2021	24 December 2027
		US$0.28634	623,093	–	–	–	623,093	1 January 2022	24 December 2027
		US$0.28634	49,848	–	–	–	49,848	The date of the fulfillment of certain R&D targets	20 January 2029
		US$0.28634	49,848	–	–	–	49,848	The second anniversary of the fulfillment of certain R&D targets	20 January 2029
		US$0.28634	49,847	–	–	–	49,847	The third anniversary of the fulfillment of certain R&D targets	20 January 2029
		US$0.28634	49,847	–	–	–	49,847	The fourth anniversary of the fulfillment of certain R&D targets	20 January 2029
		US$0.28634	49,847	–	–	–	49,847	The fifth anniversary of the fulfillment of certain R&D targets	20 January 2029
			2,741,609	–	–	–	2,741,609		
Tricor Trust (Hong Kong) Limited	Senior management and other grantees (being employees of and consultants to the Group)	US$0.28634	17,397,321	–	–	2,368,991	15,028,330	Various dates, some of which are linked to the fulfillment of certain R&D targets	Various dates
		HK$0.6	13,700,000	–	–	400,000	13,300,000	Various dates, which are linked to the fulfillment of certain business and R&D targets	28 May 2030
			31,097,321	–	–	2,768,991	28,328,330		
T			**36,736,313**			**2,768,991**	**33,967,322**		

RESTRICTED SHARE A ARD SCHEME *(cont'd)*

The Restricted Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company. For further details of the Restricted Share Award Scheme, please refer to pages 8 to 21 of the Company's

CHANGES IN DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION *(cont'd)*

Besides, with effect from April 2022, the emoluments of Dr. Liu, Jun pursuant to his service contracts with members of the Group were adjusted as follows:

D	M G	R A 2022	R A 2022
Dr. Liu, Jun	The Company	Annual Director's fee of HK$1	Unchanged
	The Company	Monthly salary of RMB70,000 plus bonuses (if any) as the chief executive officer	Monthly salary (inclusive of subsidies) of RMB90,000 plus bonuses (if any) as the chief executive officer
	TOT BIOPHARM Co., Ltd. (東曜藥業有限公司)	Monthly salary of RMB64,000 plus subsidies and bonuses (if any) as the chief executive officer	Monthly salary (inclusive of subsidies) of RMB90,000 plus bonuses (if any) as the chief executive officer

Save as disclosed above, there is no change in the information of the Directors and the senior management of the Company since the date of the 2021 Annual Report (being 24 March 2022) which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUBSEQUENT EVENTS

On 31 May 2022, the Company entered into subscription agreements with Center Laboratories Inc. and Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) respectively, pursuant to which Center Laboratories Inc. and Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue to them a total of 150,000,000 shares (the "Subscription Shares") at the subscription price of HKD3.15 per share (the "Subscriptions"). The subscription agreements and transactions contemplated thereunder were subject to, among other things, the approval by the independent shareholders of the Company at the extraordinary general meeting on 22 July 2022, and the Listing Committee of the Stock Exchange approving the listing of, and the permission to deal in, the Subscription Shares.

On 29 July 2022, all conditions precedent under each of the subscription agreements were satisfied and completion of the Subscriptions took place in full, pursuant to which (i) Center Laboratories Inc. was allotted and issued 33,750,000 shares; and (ii) Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) was allotted and issued 116,250,000 shares. The gross proceeds from the Subscriptions were approximately HKD472,500,000, and the net proceeds from the Subscriptions after the deduction of the relevant fees and expenses were approximately HKD470,920,000. Details of the Subscriptions were set out in the announcements of the Company dated 31 May 2022, 22 June 2022, 30 June 2022 and 29 July 2022 and the circular of the Company dated 5 July 2022.

DISCLOSURE OF FINANCIAL INFORMATION

Pursuant to paragraph 40(2) of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed in this interim report, the Company confirms that as at the date of this report, the Group's current information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the 2021 Annual Report.

DEFINITIONS

"ADC"	antibody drug conjugate
"Board"	the board of Directors of the Company
"CDMO"	contract development and manufacturing organization, which is a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"CMO"	contract manufacturing organization, which is a pharmaceutical company that manufactures drugs for other pharmaceutical companies on a contractual basis
"Company"	TOT BIOPHARM International Company Limited (東曜藥業股份有限公司) (formerly known as TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司)), a company incorporated in Hong Kong with limited liability on 4 December 2009 whose Shares are listed on the Stock Exchange (stock code: 1875)
"date of this report"	12 August 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report prior to its publication
"Director(s)"	the director(s) of the Company
"FDA"	the Food and Drug Administration of the United States
"GMP"	good manufacturing practice
"Group", "we", "us" or "TOT BIOPHARM"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKAS(s)"	Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKFRS(s)"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IND"	investigational new drug application

Definitions

"IPO" or "Global Offering"	the initial public offering of the Company which was completed on the Listing Date
"Listing Date"	8 November 2019, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"mAb"	monoclonal antibody
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC
"NTD"	New Taiwan dollar(s), the lawful currency of Taiwan
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
"Pre-IPO Share Option(s)"	the share option(s) granted under the Pre-IPO Share Option Scheme
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on 20 February 2013 and subsequently amended on 11 December 2017, 20 December 2018, 12 March 2019, 16 April 2019 and 22 July 2019, details of which are disclosed on pages V-36 to V-47 of the Prospectus
"Prospectus"	the prospectus dated 29 October 2019 published by the Company
"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"Restricted Award Share(s)"	the Share(s) granted under the Restricted Share Award Scheme and allotted and issued (or to be allotted and issued) to the trustees thereunder
"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on 29 May 2020 and subsequently amended on 29 July 2020 and 23 December 2021, details of which are disclosed on pages 8 to 21 of the Company's circular dated 3 August 2020 and in its announcement dated 23 December 2021

Definitions

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States"	the United States of America
"US$" or "USD"	United States dollar(s), the lawful currency of the United States