Keymed Biosciences Inc.
康諾亞生物醫藥科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2162)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

FINANCIAL HIGHLIGHTS

	Six months ended June 30,			
	2021	2020	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	(Unaudited)		
Research and development expenses	**(191,061)**	(39,937)	(151,124)	378
Administrative expenses	**(26,836)**	(7,679)	(19,157)	249
Fair value changes on convertible redeemable preferred shares	**(3,399,789)**	11,148	(3,410,937)	(30,597)
Total comprehensive loss for the period	**(3,630,431)**	(35,486)	(3,594,945)	10,131
Adjusted total comprehensive loss for the period[(1)]	**(131,132)**	(46,634)	(84,498)	181

Note:

(1) Adjusted total comprehensive loss for the period is not defined under the IFRS, it represents the total comprehensive loss for the period excluding the effect of equity-settled share-based payment expenses, and fair value changes on convertible redeemable preferred shares issued.

IFRS Measures:

- Our research and development expenses increased by RMB151.1 million to RMB191 million for the six months ended June 30, 2021, from RMB39.9 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase of employee compensation, ongoing pre-clinical and clinical studies of our pipelines products.

- Our administrative expenses increased by RMB19.1 million to RMB26.8 million for the six months ended June 30, 2021, from RMB7.7 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase of employee compensation and professional services fees related to the IPO.

- Our fair value loss on convertible redeemable preferred shares increased by RMB3,410.9 million to RMB3,399.8 million for the six months ended June 30, 2021. The loss on the fair value changes of convertible redeemable preferred shares was non-cash and non-recurring in nature, which was primarily attributable to the increase of the Group's valuation with its approaching of IPO.

- The total comprehensive loss for the period increased by RMB3,594.9 million to RMB3,630.4 million for the six months ended June 30, 2021, which was primarily due to the increase in our research and development expenses, administrative expenses and fair value loss on convertible redeemable preferred shares.

Non-IFRS Measures:

Adjusted total comprehensive loss for the period is defined as total comprehensive loss for the period adjusted by adding back non-cash adjustments of (i) fair value changes on convertible redeemable preferred shares and (ii) share-based payment expenses. The following table reconciles our non-IFRS adjusted total comprehensive loss for the period with our total comprehensive loss for the period, which is the most directly comparable financial measures calculated and presented in accordance with IFRS:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total comprehensive loss for the period	**(3,630,431)**	(35,486)
Added:		
Fair value changes on convertible redeemable preferred shares	**3,399,789**	(11,148)
Share-based payment expenses	**99,510**	–
Adjusted total comprehensive loss for the period	**(131,132)**	(46,634)

BUSINESS HIGHLIGHTS

On July 8, 2021, the Company was successfully listed on the Stock Exchange. We have made the following progress with respect to our product pipeline and business operation since Listing Date:

- In July 2021, our IND application for CM355 for clinical trials in China for the treatment of relapsed or refractory non-Hodgkin's lymphoma (NHL) has been submitted to and accepted by the NMPA.

- In August 2021, we submitted an IND application for CM310 for moderate-to-severe AD in children and adolescents with the NMPA.

- In August 2021, our IND applications for CM326 for moderate-to-severe AD and CRSwNP have been submitted to and accepted by the NMPA.

- In August 2021, our IND application for CM338 for IgA nephropathy has been submitted to and accepted by the NMPA.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a biotechnology company focused on the in-house discovery and development of innovative biological therapies in the autoimmune and oncology therapeutic areas. We have multiple clinical-stage assets, each of them being the leading contender within its respective competitive landscape.

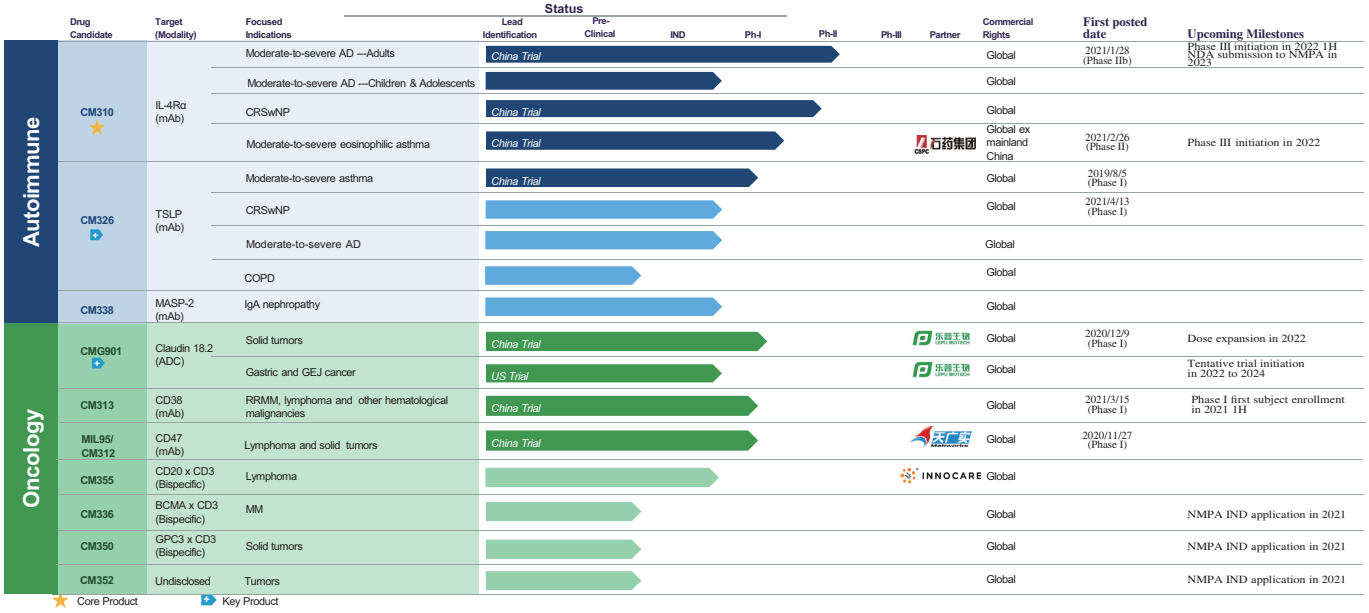
Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies that are complemented by our collaboration with other pharmaceutical and biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. There are now ten IND-enabling and clinical stage drug candidates, including five in clinical stage and two with IND applications submitted to and accepted by the NMPA, in our internally-developed pipeline.

To support our research and discovery, we have established a fully-integrated platform encompassing all of the key functions in the biologic drug development. These include target validation, lead generation and optimization, preclinical evaluation, process development, translational research, clinical development and manufacture. This integrated platform has enabled us to rapidly and cost-effectively identify, build, expand and advance our diversified pipeline of innovative and differentiated antibody-based therapies, including monoclonal antibodies, antibody drug conjugates (ADCs) and bispecific antibodies.

Product Pipeline

Our core business model is to in-house discover and develop innovative therapies based on differentiated or clinically-validated mechanisms of action. We have established a pipeline of ten IND-enabling and clinical stage drug candidates, including five in clinical stage and two with IND applications submitted to and accepted by the NMPA. Our proprietary product pipeline reflects our market insight and employs the most recent scientific findings. To complement our in-house research and development efforts, we also collaborate with third parties on the development and commercialization of our drug candidates through joint venture or out-licensing arrangements.

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of the date of this announcement:



Abbreviations: 1H = first half; 2H = second half; AD = atopic dermatitis; ADC = antibody drug conjugate; CRS =chronic rhinosinusitis; CRSwNP = chronic rhinosinusitis with nasal polyposis; COPD = chronic obstructive pulmonary disease; GEJ = gastroesophageal junction; mAb = monoclonal antibody; MM = multiple myeloma; Ph =Phase; RRMM = relapsed or refractory multiple myeloma

BUSINESS REVIEW

- **CM310 (IL-4Rα antibody)**

  CM310, our Core Product, is a humanized and highly potent antagonist antibody against interleukin-4 receptor α-subunit (IL-4Rα) in multiple clinical trials. It is the first domestically-developed IL-4Rα antibody that received IND approval from the NMPA. By targeting IL-4Rα, CM310 can lead to dual-blockade of interleukin-4 (IL-4) and interleukin-13 (IL-13) signaling. IL-4 and IL-13 are two critical cytokines for initiating type II inflammation. CM310 can potentially be effective for treating various type II allergic diseases in adults, adolescents and children, such as moderate-to-severe atopic dermatitis (AD), moderate-to-severe eosinophilic asthma, chronic rhinosinusitis with nasal polyposis (CRSwNP) and potentially chronic obstructive pulmonary disease (COPD). It has demonstrated its favorable safety and encouraging efficacy in Phase Ia and Phase Ib/IIa clinical trials.

  We completed Phase Ib/IIa trial for moderate-to-severe AD in adults in January 2021. We have initiated a Phase IIb clinical trial for moderate-to-severe AD in adults and a Phase II clinical trial for CRSwNP, and expect to initiate the Phase III study and submit an NDA with the NMPA for moderate-to-severe AD in adults in the first half of 2022 and in 2023, respectively. In May 2021, we have also obtained the IND approval for a Phase II clinical trial for moderate-to-severe asthma from the NMPA. In August 2021, we submitted an IND application for moderate-to-severe AD in children and adolescents with the NMPA.

- **CM326 (TSLP antibody)**

  CM326 is a humanized and highly potent monoclonal antibody targeting thymic stromal lymphopoietin (TSLP). It is the first domestically-developed TSLP-targeting antibody in China, and the third in the world, to have received IND approval. TSLP plays a critical role as an upstream cytokine mediating multiple inflammatory pathways, which provides a strong scientific rationale for the development of TSLP antibody to treat COPD and various allergic diseases, including moderate-to-severe asthma and CRSwNP. CM326 may also have synergistic effects with CM310.

  We initiated a Phase Ia trial of CM326 in healthy volunteers in January 2021 and enrolled the first subject in April 2021. We received IND approval of CM326 for clinical trials in China for moderate-to-severe asthma in March 2021. In August 2021, our IND applications for moderate-to-severe AD and CRSwNP have been submitted to and accepted by the NMPA.

- **CMG901 (Claudin 18.2 ADC)**

  CMG901 is a Claudin 18.2-targeting ADC comprising of a Claudin 18.2-specific antibody, a cleavable linker and a toxic payload, monomethyl auristatin E (MMAE). It is the first Claudin 18.2 ADC to have received IND approval in China and the U.S. Claudin 18.2 is selectively and widely expressed in gastric cancer, pancreatic cancer and other solid tumors, which makes it an ideal tumor target for therapeutic development.

  We are currently evaluating CMG901 in the dose-escalation Phase I trial in solid tumors in collaboration with Lepu Biopharma. We expect to initiate the dose-expansion stage of the trial in solid tumors by 2022 in China. In March 2021, we received the IND approval of CMG901 from the FDA for the Phase I clinical trial in gastric and gastroesophageal junction cancers in the U.S.

- **CM313 (CD38 antibody)**

  CM313 is a humanized monoclonal antibody that targets CD38. CM313 is the first domestically-developed CD38 antibody with IND approval by the NMPA in China. Given the encouraging efficacy in pre-clinical studies, we believe CM313 has the potential to become an innovative treatment option for relapsed or refractory multiple myeloma (RRMM), lymphoma and other hematological malignancies.

  We have obtained the IND approval for CM313 from the NMPA in November 2020. We have initiated a multi-center, open-label, Phase I clinical trial in China to evaluate the safety, tolerability, pharmacokinetics, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including RRMM and lymphoma. The first subject in dose-escalation part has been enrolled in April 2021.

- **MIL95/CM312 (CD47 antibody)**

  MIL95/CM312 is a humanized monoclonal antibody targeting CD47. In recent years, CD47 has emerged as one of the most promising immunotherapy targets. MIL95/CM312 is designed to interfere with recognition of CD47 by the signal-regulatory protein α (SIRPα) receptor on macrophages, thereby blocking the "don't eat me" signal used by cancer cells to avoid the ingestion by macrophages. Blockade of this pathway by a CD47 antibody represents one of the most effective tumor killing mechanisms. Leveraging our powerful antibody discovery platforms, we discovered MIL95/CM312 with well-characterized antibody structure, high binding affinity, strong blocking activity on CD47 and SIRPα interaction, and potent anti-tumor activity. Moreover, MIL95/CM312 did not induce erythrocyte agglutination, suggesting favorable safety profile.

We are currently developing MIL95/CM312 with Mabworks. Mabworks and we co-filed an IND application and received the IND approval for MIL95/CM312 from the NMPA in May 2020 for the treatment of lymphoma and advanced solid tumors. A Phase I clinical trial of MIL95/CM312 in China is currently ongoing.

- **CM338 (MASP-2 antibody)**

  CM338 is a humanized, highly potent antagonist antibody against mannose-binding lectin-associated serine protease-2 (MASP-2).

  In August 2021, our IND application for IgA nephropathy has been submitted to and accepted by the NMPA.

- **CM355 (CD20xCD3 bispecific antibody)**

  CM355 is a CD20xCD3 bispecific antibody for the treatment of relapsed or refractory non-Hodgkin's lymphoma (NHL). CM355 is designed to target CD20 on the surface of B cells and CD3 on the surface of T cells. The dual targeting of CD20 and CD3 activates and redirects T cells to eliminate target B cells.

  We collaborate with InnoCare for the development of CM355. In July 2021, our IND application for the treatment of relapsed or refractory NHL has been submitted to and accepted by the NMPA.

- **Selected IND-Enabling and Preclinical-Stage Drug Candidates**

  We have also developed a diverse pipeline of assets and have demonstrated potential to be among the first few market entrants in their respective drug classes.

  CM336 (BCMAxCD3 bispecific antibody)

  CM336 is a BCMAxCD3 bispecific antibody for treatment of multiple myeloma. BCMA is an attractive target for multiple myeloma immunotherapy due to its high expression on malignant plasma cells in multiple myeloma patients and normal expression restricted to plasma cells in healthy individuals. CM336 is designed to target BCMA on BCMA-positive tumor cells and the CD3 receptor on the surface of T cells, bridging them together and activating T cells to kill the cancer cells.

  We internally discovered and developed CM336, and maintain the global rights to develop and commercialize this drug candidate. We are currently conducting additional IND-enabling studies of CM336 and plan to file an IND application with the NMPA in 2021.

CM350 (GPC3xCD3 bispecific antibody)

CM350 is a GPC3xCD3 bispecific antibody for the treatment of solid tumors, especially for hepatocellular carcinoma (HCC). CM350 is designed to target GPC3 on GPC3-positive tumor cells and the CD3 receptor on the surface of T cells, bridging them together and activating T cells to kill the cancer cells. The dual targeting of GPC3 and CD3 activates and redirects T cells to engage and eliminate target tumor cells.

We internally discovered and developed CM350, and maintain the global rights to develop and commercialize this drug candidate. We are conducting IND-enabling studies and plan to file an IND application with the NMPA in 2021.

CM352

CM352 is a monoclonal antibody targeting various solid tumors and hematological tumors with high binding affinity. It directly destroys cancer cells through mechanisms such as ADCC, CDC and ADCP, and inhibits tumor growth through blocking specific signal pathways for myeloid cell differentiation and T cell proliferation.

We internally discovered and developed CM352, and maintain the global rights to develop and commercialize this drug candidate. At present, CM352 is undergoing preclinical safety evaluation. We are also conducting IND-enabling studies and plan to submit an IND application for CM352 with the NMPA in 2021.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company may not be able to ultimately develop and market CM310, CM326, CMG901, CM313, MIL95/CM312, CM338, CM355, CM336, CM350, and CM352 successfully. As at the date of this announcement, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Our R&D and Manufacturing

Leveraging the expertise of our clinical development team, we are able to efficiently design and execute our clinical trials and demonstrate the advantages of our innovative drugs through outstanding clinical results. Our clinical development team achieves this goal through well-designed trial protocols and excellent trial execution. The team coordinates clinical development strategies and trial protocols for our drug candidates, and manages the trial implementation with the assistance of reputable CROs in a cost-effective manner. Our medical and translational research staff identify and validate biomarkers, direct patient selection, and analyze clinical data to guide clinical studies and preclinical evaluations. As our clinical-stage drug candidates are each among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S., we have attracted first-tier hospitals and leading principal investigators (PIs) to join our clinical trials. We believe the long-term relationships with these medical collaborators will bring us tremendous benefits.

To ensure production and supply of high-quality and affordable antibody drugs, we have always been committed to enhancing our in-house manufacturing capabilities. With our high-throughput screening platform, we have internally developed high-expressing cell lines to ensure high yield and low costs for our antibody manufacturing. Our first cGMP-compliant manufacturing facility with a total capacity of 1,600 L was built in Chengdu in 2019, which supplies our antibody drug candidates for various preclinical and clinical studies.

R&D Platforms

We have built fully-integrated platforms to enable our in-depth R&D in the areas of immunology and oncology. Our platforms are integrated seamlessly to support key drug development functionalities, including antibody screening, functional evaluation, in vivo preclinical studies and biomarker identification. We have the expertise and capability to independently complete the entire drug development process from drug discovery to pre-clinical research to clinical development and to NDA/BLA application. Our core platforms are as follows:

- **Novel T Cell Engager (nTCE) Platform**

  Our nTCE platform enables us to develop bispecific T cell engagers that are potent and highly tumor specific. In recent years, T cell engaging bispecific antibodies have attracted particular interest as a promising class of immunotherapies for the treatment of non-immunogenic tumors. Our technology is designed to overcome these limitations by maximizing T cell-mediated cell killing effects with minimal cytokine release syndrome, and high stability and productivity.

  Leveraging the nTCE platform, we are developing multiple T-cell engaging bispecific antibodies, including CM355 with IND application filed, and CM336 and CM350 in the IND-enabling stage. In preclinical studies, these drug candidates have demonstrated encouraging T cell-mediated cell killing effects with low possibility of cytokine release syndrome.

- **Innovative antibody discovery platform**

  Our innovative antibody discovery platform is a versatile platform for the discovery and evaluation of antibody drugs. This platform includes the following main functionalities: antibody screening, engineering and optimization. With these functions and technologies, we are able to develop antibody-based therapies with new modalities and new mechanisms of action, which potentially increase the efficacy and specificity of the therapies. Based on this platform, we have developed multiple drug candidates with different modalities in our pipeline, including bispecific antibodies, ADCs and fragment crystallisable region (Fc) engineered antibodies. This platform is also empowered by enhanced automatic antibody screening and discovery techniques, leading to cost-efficient discovery of drug candidates with high affinity, cross-species activity and improved developability.

- **Bio-evaluation Platform**

  Our bio-evaluation platform is responsible for effective assessment of antibody drug candidates. We have developed multiple cell-based assays using primary and engineered reporter cells, which enable us to quickly screen and select highly potent antibodies with desired biological activities. Building on our experience and expertise, we are also able to establish a variety of immunoassays to facilitate our immunology and oncology pipeline development. To further evaluate the efficacies of antibody drugs in vivo, we have developed a number of animal models in different species in collaboration with our CROs to support our target validation and lead molecule selection.

- **High-Throughput Screening Platform for High Yield Antibody-Expressing Cells**

  Leveraging the experience and know-how of our chemistry, manufacturing and controls (CMC) and manufacturing team, we have developed our high-throughput screening platform to identify high-yielding cell lines that have desirable characteristics for further cost-efficient development. With this platform, we have successfully identified the cell lines to produce drug candidates as fast as three months. This allows us to rapidly advance our assets to preclinical and clinical evaluation stage and accelerate the drug development process.

Impact of the COVID-19 Outbreak

The outbreak of COVID-19 since December 2019 did not have a material and adverse impact on our business, financial condition and results of operations. Although we experienced minor delays ranging from three to four months in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, since then the situation has improved. As of June 30, 2021, we had resumed the normal patient enrollment and data entry for our clinical trials, and had not encountered any material adverse effects on our collaboration with third party service providers for our clinical development, including our cooperative CROs. Further, since the outbreak of the COVID-19 from December 2019 and as of June 30, 2021, we had no suspected or confirmed COVID-19 cases on our premises or among our employees, nor had we experienced any material production suspension, decrease in production volume of our manufacturing facility. We had not experienced any material difficulties in procuring our major raw materials, and our supply chain had not experienced any material disruption since the outbreak of COVID-19 and as of June 30, 2021.

FUTURE DEVELOPMENT

We will continue to rapidly advance both ongoing and planned clinical programs for our pipeline products both in China and globally, including the U.S., and prepare the commercialization of our late-stage pipeline products.

In the meantime, to expedite the commercialization of our drug candidates and maximize the commercial value, we will actively explore value-accretive strategic partnerships such as co-development, collaboration, and licensing both in China and globally.

In anticipation of increased production demands for our drug candidates, we plan to further expand our cGMP-compliant manufacturing capacity. We plan to expand our commercial manufacturing capacity to further improve the cost-effectiveness of our productions. The first phase of our new commercial-scale manufacturing facility is expected to commence operation by 2022 to provide an additional 16,000 L of manufacturing capacity.

We are very pleased to see the rapid progress we achieved so far and the detailed development plan ahead of us. In line with our Company's vision, we are committed to developing, manufacturing and commercializing innovative biological therapies for patients worldwide.

Financial Review

1. Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily consisted of government grants income and gain on exchange differences. For the six months ended June 30, 2021, the other income and gains of the Group increased by RMB12.9 million to RMB21.4 million for the six months ended June 30, 2021, from RMB8.5 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase of gain on exchange differences and government grants income with an amount of RMB9.8 million and RMB3.7 million respectively.

2. Research and Development Expenses

During the Reporting Period, the Group's research and development expenses primarily consisted of (i) expenses incurred in connection with pre-clinical and clinical studies, including third-party contracting costs with respect to the engagement of CROs, clinical trial sites and other service providers in connection with our research and development activities; (ii) employee compensation for our research and development employees; (iii) expenses for procuring raw materials and consumables used in the research and development of our drug candidates; and (iv) depreciation and amortization of property, plant and equipment and other intangible assets related to research and development activities. For the six months ended June 30, 2021, the research and development expenses of the Group increased by RMB151.2 million to RMB191.1 million, from RMB39.9 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase of employee compensation by RMB109.0 million, increase of clinical trial expenses by RMB22.3 million and increase of pre-clinical study expenses by RMB14.2 million.

The following table below sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the periods indicated:

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Pre-clinical study expenses	**24,163**	**12.6**	10,006	25.1
Clinical trial expenses	**24,662**	**12.9**	2,378	6.0
Employee compensation	**117,201**	**61.3**	8,247	20.7
Raw materials and consumables	**14,507**	**7.6**	10,822	27.1
Depreciation and amortization	**8,181**	**4.3**	6,539	16.4
Others	**2,347**	**1.3**	1,945	4.7
	191,061	**100**	39,937	100

3. Administrative Expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of (i) employee compensation for our administrative employees; (ii) depreciation and amortization expenses for operating activities; (iii) short term leases for operating activities; (iv) professional services fees paid to legal counsel, agents, other professional service providers and auditor, incurred in connection with business operations; and (v) travelling expenses of our administrative employees. For the six months ended June 30, 2021, the administrative expenses of the Group increased by RMB19.1 million to RMB26.8 million, from RMB7.7 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase of employee compensation and professional services fees by RMB8.9 million and RMB6.7 million respectively.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Employee compensation	**11,287**	**42.1**	2,386	31.1
Depreciation and amortization	**1,492**	**5.6**	1,103	14.4
Short-term leases	**99**	**0.4**	108	1.4
Professional services	**8,131**	**30.3**	1,424	18.5
Travelling expenses	**803**	**3.0**	424	5.5
Others	**5,024**	**18.6**	2,234	29.1
	26,836	**100**	7,679	100

4. Fair Value Losses on Convertible Redeemable Preferred Shares

For the Reporting Period, the Group recorded fair value loss on convertible redeemable preferred shares of RMB3,399.8 million. Such loss on the fair value changes of convertible redeemable preferred shares was a non-cash and non-recurring accounting adjustment recognised, and the fair value of the convertible redeemable preferred shares was deemed to be increased with the approaching of the IPO of the Company.

5. Other Expenses

During the Reporting Period, the Group's other expenses primarily consisted of other non-operating expenses. For the Reporting Period, the other expenses of the Group decreased by RMB4.5 million to RMB0.4 million, from RMB4.9 million for the six months ended June 30, 2020. The decrease was primarily attributable to the decrease of exchange loss by RMB4.9 million.

6. Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of implicit interest on other financial liabilities, interest on lease liabilities and interest on amounts due to related parties. For the Reporting Period, the finance costs of the Group increased by RMB3.4 million to RMB6 million, from RMB2.6 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase of the implicit interest on other financial liabilities by RMB3.7 million.

7. Listing Expenses

Listing expenses represent expenses incurred for our IPO. We recorded listing expenses of RMB27.7 million for the Reporting Period.

8. Income Tax Expense

We did not recognize any income tax expense for the Reporting Period.

9. Liquidity and Capital Resources

As at June 30, 2021, our cash and bank balances increased by RMB634.2 million to RMB833.6 million from RMB199.4 as at December 31, 2020. The increase was primarily attributable to cash inflows from series c financing and partially offset by the cash outflows used in our daily business operation.

As at June 30, 2021, the current assets of the Group were RMB1,091.0 million, including cash and bank balances of RMB833.6 million, time deposits of RMB111.1 million and other current assets of RMB146.3 million. As at June 30, 2021, the current liabilities of the Group were RMB132.8 million, including trade payables of RMB3.3 million, other payables and accruals of RMB42.4 million, contract liabilities of RMB78.2 million and other current liabilities of RMB8.9 million.

For the six months ended June 30, 2021, our net cash used in operating activities increased by RMB5.0 million to RMB84.8 million from RMB79.8 million for the six months ended June 30, 2020. The increase was primarily attributable to our business expansion as well as the progress advancement of our clinical trials. As at June 30, 2021, the Group's cash and bank balances and time deposits amounted to RMB944.7 million.

For the six months ended June 30, 2021, our net cash used in investing activities decreased by RMB166.1 million to RMB40.9 million from RMB207.0 million for the six months ended June 30, 2020. The decrease was primarily attributable to the decrease in the purchase of wealth management products and placement of time deposits.

For the six months ended June 30, 2021, our net cash from financing activities increased by RMB754.0 million to RMB765.2 million from RMB11.2 million for the six months ended June 30, 2020. The increase was primarily attributable to proceeds from issue of series c preferred shares.

10. Indebtedness

As at June 30, 2021, we did not have any borrowings nor any unutilized credit facilities.

11. Significant Investment

As part of our treasury management, we invest in certain wealth management products to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. Under our investment policy, we generally limit our purchases to low-risk, short-term products from reputable commercial banks which must not interfere with our daily operation and business prospects.

We recorded other investments classified as financial assets at FVTPL of RMB73.5 million as of June 30, 2021. The increase of other investments classified as financial assets at FVTPL from RMB10.4 million as of December 31, 2020 to RMB73.5 million as of June 30, 2021 was mainly attributable to the increase of RMB68.6 million wealth management products purchased from Minsheng Bank and the decrease of RMB5.5 million wealth management products purchased from China Construction Bank.

We manage and evaluate the performance of these investments on a fair value basis in accordance with our risk management and investment strategy. Therefore, these investments in wealth management products were designated as financial assets at FVTPL as of June 30, 2021.

12. Material Acquisitions and Disposals

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

13. Contingent Liabilities

As of June 30, 2021, we did not have any contingent liabilities. We confirm that as of the date of this announcement, there had been no material changes or arrangements to our contingent liabilities.

14. Capital Commitments

As of June 30, 2021, we had capital commitments contracted, but not yet provided, of RMB32.4 million, which were related to the purchase of property, plant and equipment for the Group's production plant.

15. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group is exposed to foreign currency risk as a result of certain cash and bank balances and time deposits, and redeemable and convertible preferred shares denominated in non-functional currency. 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.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In connection with the Global Offering, 58,264,500 Shares were issued at a price of HK$53.3 per share for a total cash consideration, after deduction of the underwriting fees and expenses, of approximately HK$2,942.0 million. Dealings in the shares of the Company on the Stock Exchange commenced on July 8, 2021. In connection with the full exercise of the over-allotment option by the Joint Global Coordinators (as defined in the Prospectus) on behalf of the international underwriters, 8,739,500 additional Shares were issued at a price of HK$53.3 per share for a total cash consideration, after deduction of the commission and other offering expenses, of approximately HK$446.7 million. The proceeds from the Global Offering and the full exercise of the over-allotment option were received by the Company after the end of the Reporting Period.

Please refer to the Prospectus and the announcements of the Company dated July 7, 2021 and July 30, 2021 for further details on the Global Offering and the full exercise of the over-allotment option.

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

The Shares of the Company were listed on the Stock Exchange on July 8, 2021 and the over-allotment option was fully exercised on July 30, 2021. Save as disclosed above, from the Listing Date to the date of this announcement, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended June 30, 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Chen is the chairman of the Board and the chief executive officer of the Company. With extensive experience in the pharmaceutical industry and having served in the Company since its establishment, Dr. Chen is in charge of overall strategic planning, business direction and operational management of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and our senior management, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Dr. Chen), four non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date and up to the date of this announcement.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the period from the Listing Date and up to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date and up to the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Board has established the Audit Committee which comprises one non-executive Director and two independent non-executive Directors, namely Mr. Cheuk Kin Stephen LAW (Chairperson), Mr. Qi CHEN and Prof. Linqing LIU. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee has reviewed the unaudited interim condensed financial information of the Group for the six months ended June 30, 2021.

In addition, the Company's external auditor, Ernst & Young, has performed an independent review of the Group's interim financial information for the Reporting Period 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. Based on their review, Ernst & Young confirmed that nothing has come to their attention that causes them to believe that the interim financial information for the Reporting Period is not prepared, in all material respects, in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.keymedbio.com). The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

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

For the six months ended 30 June 2021

	Notes	**2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
Other income and gains	*4*	**21,425**	8,492
Research and development expenses		**(191,061)**	(39,937)
Administrative expenses		**(26,836)**	(7,679)
Fair value changes on convertible redeemable preferred shares	*16*	**(3,399,789)**	11,148
Other expenses		**(379)**	(4,892)
Finance costs	*5*	**(6,043)**	(2,618)
Listing expenses		**(27,748)**	–
LOSS BEFORE TAX	*6*	**(3,630,431)**	(35,486)
Income tax expense	*7*	**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(3,630,431)**	(35,486)
Attributable to:			
Owners of the parent		**(3,628,500)**	(35,486)
Non-controlling interests		**(1,931)**	–
		(3,630,431)	(35,486)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*9*	**(54.08)**	(0.53)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**104,493**	100,992
Right-of-use assets		**27,608**	23,823
Other intangible assets		**283**	109
Prepayments, other receivables and other assets	*11*	**36,113**	24,104
Total non-current assets		**168,497**	149,028
CURRENT ASSETS			
Inventories		**20,543**	6,846
Prepayments, other receivables and other assets	*11*	**52,254**	19,989
Other investments classified as financial assets at FVTPL	*12*	**73,501**	10,394
Time deposits		**111,062**	144,279
Cash and bank balances		**833,609**	199,409
Total current assets		**1,090,969**	380,917
CURRENT LIABILITIES			
Trade payables	*13*	**3,254**	3,418
Other payables and accruals	*14*	**42,439**	19,398
Amounts due to related parties	*21*	**–**	42,373
Deferred income		**2,882**	2,873
Contract liabilities	*15*	**78,236**	8,000
Lease liabilities		**6,016**	4,178
Total current liabilities		**132,827**	80,240
NET CURRENT ASSETS		**958,142**	300,677
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,126,639**	449,705

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 June 2021

	Notes	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000*
NON-CURRENT LIABILITIES			
Deferred income		**8,793**	6,786
Lease liabilities		**23,093**	20,314
Convertible redeemable preferred shares	*16*	**5,583,458**	1,385,772
Other financial liabilities	*17*	**137,019**	131,636
Total non-current liabilities		**5,752,363**	1,544,508
NET LIABILITIES		**(4,625,724)**	(1,094,803)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**45**	45
Deficits		**(4,623,573)**	(1,094,583)
		(4,623,528)	(1,094,538)
Non-controlling interests		**(2,196)**	(265)
Total deficit		**(4,625,724)**	(1,094,803)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent					
	Share capital *RMB'000*	**Share-based payments reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Subtotal** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
At 1 January 2021	**45**	**–**	**(1,094,583)**	**(1,094,538)**	**(265)**	**(1,094,803)**
Total comprehensive loss for the period	**–**	**–**	**(3,628,500)**	**(3,628,500)**	**(1,931)**	**(3,630,431)**
Equity-settled share-based payments *(note 19)*	**–**	**99,510**	**–**	**99,510**	**–**	**99,510**
At 30 June 2021 (Unaudited)	**45**	**99,510**	**(4,723,083)**	**(4,623,528)**	**(2,196)**	**(4,625,724)**

For the six months ended 30 June 2020

	Attributable to owners of the parent				
	Share capital *RMB'000*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2020	45	(276,000)	(275,955)	–	(275,955)
Total comprehensive loss for the period	–	(35,486)	(35,486)	–	(35,486)
At 30 June 2020 (Unaudited)	45	(311,486)	(311,441)	–	(311,441)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	**For the six months ended 30 June 2021 (Unaudited)** *RMB'000*	For the six months ended 30 June 2020 (Unaudited) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,630,431)**	(35,486)
Adjustments for:			
Finance costs	*5*	**6,043**	2,618
Interest income	*4*	**(1,869)**	(985)
Return on other investments classified as financial assets at FVTPL	*4*	**(1)**	(1,313)
Foreign exchange (gains)/losses, net	*6*	**(9,821)**	4,825
Gain on fair value changes on other investments classified as financial assets at FVTPL	*4*	**(242)**	(387)
Depreciation of property plant and equipment		**7,363**	5,930
Amortisation of other intangible assets	*6*	**20**	–
Depreciation of right-of-use assets	*6*	**3,099**	2,540
Government grants income		**(892)**	(1,395)
Equity-settled share-based payments	*19*	**99,510**	–
Fair value losses/(gains) on convertible redeemable preferred shares	*6*	**3,399,789**	(11,148)
		(127,432)	(34,801)
Increase in prepayments, other receivables and other assets		**(39,771)**	(44,670)
Increase in inventories		**(13,697)**	(3,202)
Increase in deferred income		**–**	2,050
(Decrease)/increase in trade payables		**(164)**	1,293
Increase/(decrease) in other payables and accruals		**26,078**	(486)
Increase in contract liabilities		**70,236**	–
Net cash flows used in operating activities		**(84,750)**	(79,816)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2021

	Notes	**For the six months ended 30 June 2021 (Unaudited) *RMB'000***	For the six months ended 30 June 2020 (Unaudited) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,869**	985
Purchases of property, plant and equipment		**(14,927)**	(8,802)
Receipts of government grants for property, plant and equipment		**2,907**	–
Purchases of intangible assets		**(194)**	(123)
Purchases of wealth management products		**(82,400)**	(136,000)
Proceeds from disposal of wealth management products		**19,535**	184,913
Placement of time deposits with maturity dates over three months		**–**	(247,940)
Withdrawal of time deposits with maturity dates over three months		**32,300**	–
Net cash flows used in investing activities		**(40,910)**	(206,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		**(2,926)**	(1,645)
Repayment to related parties		**(42,373)**	(5,613)
Proceeds from issue of preferred shares	*16*	**872,111**	3,475
Proceeds from disposal of a subsidiary without losing control		**–**	15,000
Repurchase of convertible redeemable preferred shares	*16*	**(58,154)**	–
Issue costs paid		**(3,477)**	–
Net cash flows from financing activities		**765,181**	11,217
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**639,521**	(275,566)
Cash and cash equivalents at beginning of the period		**199,409**	432,608
Effect of foreign exchange rate changes, net		**(5,321)**	6,096
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**833,609**	163,138
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position		**833,609**	163,138

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended June 30, 2021

1. CORPORATE INFORMATION

Keymed Biosciences Inc. (the "Company") was incorporated in the Cayman Islands ("Cayman") on 23 April 2018 as a limited liability company. The registered office of the Company is located at the offices of Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. During the reporting period, the Group were involved in the research and development of biotechnology and pharmaceutical products.

The interim condensed financial information comprise the interim condensed consolidated statement of financial position as at 30 June 2021, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The interim condensed financial information is presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.1 BASIS OF PREPARATION

Notwithstanding that the Group recorded net liabilities of RMB4,625,724,000 as at 30 June 2021 and incurred recurring losses from operations, the interim condensed financial information has been prepared on a going concern basis. The Group completed its initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2021 and exercised its over-allotment option on 30 July 2021, raising total gross proceeds of approximately RMB2,975 million. Upon the completion of the listing, all of the convertible redeemable preferred shares were automatically converted into ordinary shares and the carrying amount of the financial liabilities at that time were transferred to equity, which will result in the change from a net liability position to a net asset position on the statement of financial position. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 30 June 2021.

The interim condensed financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The interim condensed financial information does not include all of the information required for a complete set of financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs") and should be read in conjunction with the Group's financial information as set out in the accountants' report included in Appendix I to the prospectus of the Company in connection with the initial public offering of the Company's shares on the Main Board of the Stock Exchange.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	Covid-19-Related Rent Concessions

The application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior years.

3. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

During the reporting period, all of the Group's non-current assets were located in Mainland China, no geographical segment information in accordance with IFRS 8 *Operation Segments* is presented.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants income	**9,492**	5,807
Return on other investments classified as financial assets at FVTPL	**1**	1,313
Interest income	**1,869**	985
Gains		
Fair value gains on other investments classified as financial assets at FVTPL	**242**	387
Gain on exchange differences, net	**9,821**	–
	21,425	8,492

5. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Implicit interest on other financial liabilities	**5,383**	1,728
Interest on lease liabilities	**660**	650
Interest on amounts due to related parties	**–**	240
	6,043	2,618

6. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June 2021 ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
Depreciation of property, plant and equipment		**7,363**	5,930
Depreciation of right-of-use assets		**3,099**	2,540
Amortization of other intangible assets		**20**	–
Listing expenses		**27,748**	–
Lease payments not included in the measurement of lease liabilities		**215**	284
Government grants income	*4*	**(9,492)**	(5,807)
Auditor's remuneration		**641**	28
Return on other investments classified as financial assets at FVTPL	*4*	**(1)**	(1,313)
Interest income	*4*	**(1,869)**	(985)
Finance costs	*5*	**6,043**	2,618
Foreign exchange (gains)/losses, net		**(9,821)**	4,825
Fair value losses/(gains) on convertible redeemable preferred shares	*16*	**3,399,789**	(11,148)
Fair value gains on other investments classified as financial assets at FVTPL	*4*	**(242)**	(387)
Employee compensation (excluding directors' and chief executive's remuneration)			
– Wages and salaries		**29,907**	12,376
– Pension scheme contributions		**6,005**	1,317
– Staff welfare expenses		**140**	130
– Share-based payment expenses		**99,510**	–

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), the subsidiaries incorporated in the BVI are not subject to any income tax.

United States of America (the "USA")

The subsidiary incorporated in Delaware, the USA, is subject to the statutory federal corporate income tax at a rate of 21%, as well as a state income tax rate of 6.6% during the reporting period.

Mainland China

The subsidiaries incorporated in Mainland China are subject to the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January, 2008.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the reporting period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.

The Group had no taxable income during the reporting period.

A reconciliation of the tax expense applicable to loss before tax using the statutory rate of the jurisdictions in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before tax	**(3,630,431)**	(35,486)
Tax charged at the statutory tax rate of 25%	**(907,608)**	(8,872)
Effect of different tax rates enacted by local authorities	**854,468**	(1,658)
Additional deductible allowance for qualified research and development costs	**(16,623)**	(7,286)
Deductible temporary difference and tax losses not recognised	**69,424**	17,739
Expenses not deductible for tax	**339**	77
Income tax expense	**–**	–

The Group has accumulated tax losses in Mainland China of RMB539,979,000 (unaudited) in aggregate as at 30 June 2021 (31 December 2020: RMB371,812,000), respectively, which can be carried forward for five to ten years to offset against future taxable profits of the subsidiaries in which losses were incurred.

The Group also has accumulated tax losses in the USA of RMB6,433,000 (unaudited) in aggregate as at 30 June 2021 (31 December 2020: Nil) that can be carried forward indefinitely to offset against future taxable profits of the subsidiary in which the losses incurred.

Deferred tax assets have not been recognised in respect of these tax losses as they have been incurred in subsidiaries that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the forthcoming five years to utilise such tax losses.

8. DIVIDENDS

No dividends have been declared and paid by the Company during the reporting period.

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

The calculation of the basic and diluted loss per share attributable to ordinary equity holders of the parent is based on the following data:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to ordinary equity holders of the parent	**(3,628,500)**	(35,486)

	For the six months ended 30 June	
	2021	2020
	Shares	Shares
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**67,098,209**	67,098,209

The computation of basic and diluted loss per share for the reporting period excluded the shares held by Eagle Hero Management Limited for unexercised awarded restricted share units (note 19).

The computation of diluted loss per share for six months ended 30 June 2021 and 30 June 2020 did not assume conversion of the convertible redeemable preferred shares and the exercise of restricted share units since their assumed conversion or exercise would result in a decrease in loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group purchased fixed assets with a cost of RMB10,864,000 (six months ended 30 June 2020: RMB8,410,000).

The Group didn't dispose of any assets during the reporting period (six months ended 30 June 2020: Nil).

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000*
Non-current:		
Value-added tax recoverable *(note (i))*	**26,552**	20,378
Prepayments for property, plant and equipment	**5,835**	1,332
Rental deposits *(note (iii))*	**2,328**	1,451
Employee petty cash *(note (iii))*	**1,398**	943
	36,113	24,104
Current:		
Prepayments *(note (ii))*		
– Prepaid research and development expenses	**34,309**	16,879
– Prepaid capitalised listing fee	**7,677**	70
– Others	**4,875**	1,352
Other receivables *(note (iii))*		
– Employee petty cash	**2,827**	387
– Rental deposits	**420**	459
– Other receivables	**2,146**	842
	52,254	19,989

Note (i): Value-added tax recoverable is regarded as non-current in nature since the Group considers that no revenue will be generated within the next 12 months and the balance is not refundable from the local tax authorities.

Note (ii): Prepayments primarily consist of prepaid research and development expenses, prepaid raw materials cost and prepaid expenses relating to short-term and low-value leases.

Note (iii): The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

The balances are interest-free, unsecured and repayable on demand.

12. OTHER INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS AT FVTPL

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	
Other investments classified as financial assets at FVTPL	**73,501**	10,394

The investments measured at fair value through profit and loss are wealth management products purchased from banks in the PRC, denominated in RMB. These investments can be redeemed at any time. The returns on these wealth management products are not guaranteed.

The fair value of the investments approximates to their costs plus expected interest.

13. TRADE PAYABLES

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	
Within 3 months	**2,823**	2,716
3 to 6 months	**155**	173
6 months to 1 year	**137**	209
Over 1 year	**139**	320
	3,254	3,418

Trade payables are not interest-bearing and are normally settled on terms of 30 to 60 days.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	
Payroll payable	**12,619**	11,088
Accrued research and development expenses	**5,618**	4,222
Other tax payables	**405**	161
Other payables:		
– Accrued listing expense	**19,254**	350
– Payables for property, plant and equipment	**3,642**	3,202
– Others	**901**	375
	42,439	19,398

Other payables and accruals are not interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables at the end of each reporting period approximate to their fair value due to their short-term maturities.

15. CONTRACT LIABILITIES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	
Contract liabilities	**78,236**	8,000

Note 1: According to an exclusive license agreement (the "CSPC Agreement") signed between Keymed Biosciences (Chengdu) Co., Ltd. ("Chengdu Keymed", a subsidiary within the Group) and Shanghai JMT-BIO Technology Co., Ltd. (上海津曼特生物科技有限公司，a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited ("CSPC")) in March 2021, Chengdu Keymed has granted CSPC an exclusive license under the know-how and patents controlled by Chengdu Keymed to develop and commercialise CM310 for the treatment of moderate and severe asthma, chronic obstructive pulmonary disease ("COPD") and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan). Under the CSPC Agreement, CSPC is obliged to pay Chengdu Keymed RMB70 million one-time, non-refundable and non-creditable upfront payment, which has been subsequently received in May 2021. Up to 30 June 2021, performance obligations under the CSPC Agreement have not been satisfied and hence the RMB70 million has been recognised as a contract liability.

Note 2: According to a license and collaboration agreement signed between Chengdu Keymed and Beijing InnoCare Pharma Tech Co., Ltd. ("InnoCare") in April 2020, Chengdu Keymed granted InnoCare an exclusive, sublicensable, royalty-free license to co-develop at the clinical stage study, manufacture and commercialise CM355, an antibody therapy that Chengdu Keymed owns and controls the global exclusive rights. All the rights of CM355 will be transferred to a joint venture to be established by Chengdu Keymed and InnoCare after obtaining the IND approval and InnoCare's fulfilment of its payment obligation. As at 30 June 2021, a prepayment of RMB8,000,000 was received by Chengdu Keymed to complete the IND-enabling study of CM355, while a future milestone payment will be received upon obtaining the IND approval from the National Medical Products Administration of China. Up to 30 June 2021, performance obligations under the Collaboration Agreement has not been satisfied and hence the RMB8,000,000 has been recognised as a contract liability.

16. CONVERTIBLE REDEEMABLE PREFERRED SHARES

From 2018 to 2020, the Company issued 94,687,168 series Pre-A, A and B convertible redeemable preferred shares (the "Series Pre-A Preferred Shares", the "Series A Preferred Shares", the "Series B Preferred Shares", respectively). In February 2021, the Company issued 35,422,353 series C convertible redeemable preferred shares with par value of USD0.0001 per share (the "Series C Preferred Shares") to a group of investors (the "Series C Investors"), for an aggregate cash consideration of USD130,000,000 (equivalent to RMB842,111,000) or USD3.6700 per share (the "Series C Preferred Share Purchase Price").

In February 2021, the Company repurchased 2,452,317 shares of Series Pre-A Preferred Shares from Vast Equity Holdings Limited at a total purchase price of USD9,000,000 (equivalent to RMB58,154,000).

After completing Series C investment on 10 February 2021, the Company has 23,306,574 Series Pre-A Preferred Shares, 32,000,000 Series A Preferred Shares, 36,928,277 Series B Preferred Shares and 35,422,353 Series C Preferred Shares. All Series Pre-A Preferred Shares are liquidatable and convertible. All Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares are liquidatable, convertible and redeemable. Upon the completion of the listing, all of the Company's convertible redeemable preferred shares were automatically converted into ordinary shares of the Company.

According to the amended and restated Memorandum and Articles of Association ("MOA") of the Company signed in March 2021, the key terms of the Series C Preferred Shares are as follows:

Conversion rights

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Shares, or will be converted automatically upon the closing of a qualified IPO into Ordinary Shares (as defined in note 18) as determined by dividing the relevant issue price by the then-effective conversion price ("Conversion Price").

For Series C Preferred Shares, Series C Preferred Shares shall be convertible into such number of fully paid and non-assessable Ordinary Shares at the Preferred Share-to-Ordinary Share conversion ratio equal to: Applicable Series C Preferred Share Purchase Price/then-effective Conversion Price. The "Conversion Price" shall initially be the Applicable Series C Preferred Share Purchase Price.

Liquidation Event

Liquidation Event means any of the following:

(i) the liquidation, dissolution or winding-up of any company of the Group (the "Group Company"), except otherwise waived by the Series A Preferred majority, the Series B Preferred majority and the Series C Preferred majority;

(ii) any consolidation, amalgamation or merger of the Company and/or any Group Company with or into any other Person or other corporate reorganization, in which the shareholders of the Company or shareholders of such any Group Company immediately prior to such consolidation, amalgamation, merger or reorganisation, own less than fifty percent (50%) of the voting power of Company or any other Group Company immediately after such consolidation, merger, amalgamation or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's or any other Group Company's voting power is transferred, but excluding any transaction effected solely for tax purposes or to change the Company's domicile or any other Group Company's domicile;

(iii) the sale, exchange, transfer or other disposition, in one or a series of related transactions, of a majority of the outstanding share capital of any Group Company to one Person or a group of Persons acting in concert, under circumstances in which the holders of a majority in voting power of the outstanding share capital of any Group Company immediately prior to such transaction beneficially own less than a majority in voting power of the outstanding share capital of the surviving entity or the acquiring Person immediately following such transaction;

(iv) a sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by any Group Company of all or substantially all of the assets of any Group Company; and

(v) the exclusive licensing of all or substantially all of the Group Companies' proprietary rights to a third party.

Liquidation preferences

In any liquidation event of any company within the Group, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

(a) Firsts, prior to and in preference to any distribution of any of the assets of the Company to the ordinary shareholders, the Series Pre-A preferred shareholders, the Series A Preferred shareholders and the Series B Preferred shareholders, the Series C Preferred shareholders shall be entitled to receive for each outstanding Series C Preferred Share held, an amount equal to the Applicable Series C Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends; provided that, if the Company's assets and funds are insufficient for the full payment of the Series C Preference Amount to all the Series C Preferred shareholders, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the Series C Preferred shareholders in proportion to the aggregate Series C Preference Amount each such Series C Preferred shareholder is otherwise entitled to receive;

(b) Second, after the full Series C Preference Amount on all Series C Preferred Shares then outstanding has been paid, prior to and in preference to any distribution of any of the assets of the Company to the ordinary shareholders and Series Pre-A preferred shareholders, the Series A Preferred shareholders, the Series B Preferred shareholders shall be entitled to receive for each outstanding Series B Preferred Share held, an amount equal to the Applicable Series B Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends; provided that, if the Company's assets and funds are insufficient for the full payment of the Series B Preference Amount to all the Series B Preferred shareholders, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the Series B Preferred shareholders in proportion to the aggregate Series B Preference Amount each such Series B Preferred shareholder is otherwise entitled to receive;

(c) Third, after the full Series C Preference Amount on all Series C Preferred Shares then outstanding and the full Series B Preference Amount on all Series B Preferred Shares then outstanding have been paid, prior to and in preference to any distribution of any of the assets of the Company to the ordinary Shareholders, the Series Pre-A preferred shareholders, the Series A preferred shareholders shall be entitled to receive for each outstanding Series A Preferred Share held, an amount equal to the Applicable Series A Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends; provided that, if the Company's assets and funds are insufficient for the full payment of the Series A Preference Amount to all the Series A preferred shareholders, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the Series A Preferred shareholders in proportion to the aggregate Series A Preference Amount each such Series A Preferred shareholder is otherwise entitled to receive.

(d) Fourth, after the full Series C Preference Amount on all Series C Preferred Shares then outstanding and the full Series B Preference Amount on all Series B then outstanding, the full Series A Preference Amount on all Series A Preferred Shares then outstanding have been paid, prior to and in preference to any distribution of any of the assets of the Company to the Ordinary Shareholders, the Series Pre-A preferred shareholders shall be entitled to receive for each outstanding Series Pre-A Preferred Share held, an amount equal to the Applicable Series Pre-A Preferred Share Purchase Price plus a compound annual interest of 10%, plus all declared but unpaid dividends; provided that, if the Company's assets and funds are insufficient for the full payment of the Series Pre-A Preference Amount to all the Series Pre-A preferred shareholders, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the Series Pre-A Preferred shareholders in proportion to the aggregate Series Pre-A Preference Amount each such Series Pre-A Preferred shareholder is otherwise entitled to receive.

(e) Fifth, after the full Series C Preference Amount on all Series C Preferred Shares then outstanding, the full Series B Preference Amount on all Series B Preferred Shares then outstanding, the full Series A Preference Amount on all Series A Preferred Shares then outstanding and Series Pre-A Preference Amount on all Series Pre-A Preferred Shares then outstanding have been paid, the remaining assets and funds of the Company legally available for distribution to the Shareholders shall be distributed ratably among the ordinary shareholders and the Preferred shareholders in proportion to the number of Shares held by them (calculated on an as converted to Ordinary Shares basis).

Redemption feature

At the request of any Series C Preferred shareholders, the Company shall redeem all or portion of the outstanding Series C Preferred Shares as elected by such Series C Preferred shareholders at any time and from time to time on or after the date of the earliest to occur of any Trigger Event. Any Series C shareholder may also elect to redeem all or a portion of the outstanding Series C Preferred Shares as elected by such Series C Preferred shareholders at any time and from time to time on or after the date when any other Preferred Share(s) becomes redeemable.

Trigger Event for Series C Preferred Shares means any of the following:

(1) the Company's failure to consummate a Qualified IPO prior to 31 December 2023.

(2) the occurrence of material adverse effect to PRC laws which leads to the invalidity of the organisational structure of the Group, including any of the transaction documents being determined to be non-enforceable, or any change, reinterpretation, or abolition of any law or regulation that materially or adversely affects the Company's or any of its subsidiaries' business operation; or

(3) the Company and the Group or any key employees has engaged a job or conducted any business or operation competitive with the Group, or committed a violation of the guaranteed employment term, non-competition obligations; or

(4) the Company and the Group or any key employees or any senior management has committed an embezzlement or misappropriation of assets of the Group as a result of which the Company has suffered from material loss; or

(5) any deadlock or any other event that materially or adversely affects the Company's or any of its subsidiaries' business operation occurs due to the reasons attributed to the Company; or

(6) the Company and the Group has committed a material violation of applicable law which has a material adverse effect on the business or assets of the Group or a material breach of the transaction documents.

The Series C redemption price for each Series C Preferred Share shall be an amount equal to 100% of the Applicable Series C Preferred Share Purchase Price, plus (i) all declared but unpaid dividends thereon, and (ii) an additional amount that will result in an internal rate of return of ten percentage (10%) on such Series C Preferred Shares from the applicable Preferred Share issue date (the "Series C Preference Amount").

If the Company's assets or funds which are legally available (the "Available Fund") on the date that any redemption payment is due are insufficient to pay in full all Series A, Series B and Series C redemption price:

(A) the Available Fund shall first be used to the extent permitted by applicable law to pay all Series C redemption price due on such date on the Series C Preferred Shares in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. If the Available Fund is insufficient to pay in full all Series C redemption price, at the sole discretion of any Series C Preferred shareholder, such Series C Preferred shareholder may choose, either (A) (i) the Available Fund to pay all redemption payments due on such date ratably and on a pari passu basis as between each Series C Preferred Share in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon; or (ii) with the prior written consent of the Series C Preferred majority, the Series B Preferred majority and the Series A Preferred majority, the Company and the Shareholders of the Company shall take all necessary actions to cause the Company to be liquidated immediately and the Series C Preferred shareholders shall be entitled to be paid, with respect to each Series C Preferred Share then outstanding and held by them, the higher of (i) the Series C Preference Amount plus the distribution such Series C Preferred Share shall be entitled to receive pursuant to Liquidation preference (e) and (ii) the Series C redemption Price outstanding; and

(B) after the full payment of the Series C redemption price, the Available Fund shall be used to the extent permitted by applicable law to pay all Series B redemption price due on such date on the Series B Preferred Shares in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. If the Available Fund is insufficient to pay in full all Series B redemption price to be paid, at the sole discretion of any Series B Preferred shareholder, such Series B Preferred shareholder may choose either (A) (i) the Available Fund to pay all redemption payments due on such date ratably and on a pari passu basis as between each Series B Preferred Share in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon; or (ii) with the prior written consent of the Series C Preferred majority, the Series B Preferred majority and the Series A Preferred majority, the Company and the Shareholders of the Company shall take all necessary actions to cause the Company to be liquidated immediately and the Series B Preferred shareholders shall be entitled to be paid, with respect to each Series B Preferred Share then outstanding and held by them, the higher of (i) the Series B Preference Amount plus the distribution such Series B Preferred Share shall be entitled to receive pursuant to Liquidation preference (e) and (ii) the Series B redemption Price outstanding; and

(C) after the full payment of the Series C redemption price and the Series B redemption price, the Available Fund shall be used to the extent permitted by applicable law to pay all Series A redemption price due on such date on the Series A Preferred Shares in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. If the Available Fund is insufficient to pay in full all Series A redemption price to be paid, at the sole discretion of any Series A Preferred shareholder, such Series A Preferred shareholder may choose either (A) (i) the Available Fund to pay all redemption payments due on such date ratably and on a pari passu basis as between each Series A Preferred Share in proportion to the full amounts to which such redemption payments are due would otherwise be respectively entitled thereon, or (B) with the prior written consent of the Series C Preferred majority, the Series B Preferred majority and the Series A Preferred majority, the Company and the Shareholders of the Company shall take all necessary actions to cause the Company to be liquidated immediately and the Series A Preferred Shareholders shall be entitled to be paid, with respect to each Series A Preferred Share then outstanding and held by them, the higher of (i) the Series A Preference Amount plus the distribution such Series A Preferred Share shall be entitled to receive plus the distribution such Series C Preferred Share shall be entitled to receive pursuant to Liquidation preference (e) and (ii) the Series A redemption price outstanding.

Voting Rights

The Ordinary shareholders shall have the right to one (1) vote for each outstanding Ordinary Share held. The Preferred shareholders shall have the right to one (1) vote for each Ordinary Share into which each outstanding Preferred Share held could then be converted. The preferred shareholders shall have vote together with the Ordinary shareholders, and not as a separate class or series, on all matters put before the Shareholders, unless otherwise required by the MOA.

A quorum for a Shareholders' meeting shall consist of at least (i) two-thirds of the Ordinary shares, (ii) the holders holding at least 50% of the outstanding Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares, present in person or represented by proxy.

The Board shall meet at least once every half a year. A quorum for a Board meeting shall consist of at least two-thirds of the investor directors. The same Shareholder or Shareholders who have nominated and elected a director shall be entitled to appoint alternates to serve at any Board meeting (or the meeting of a committee formed by the Board), and such alternates shall be permitted to attend all Board meetings and vote on such directors' behalf.

Dividend rights

No dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to any class of shares, unless the approval of the majority of the directors of the Company (including the approvals of investor directors) has been obtained.

The Group designated the Series Pre-A, Series A, Series B and Series C Preferred Shares as financial liabilities at fair value through profit or loss. The change in fair value is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income, if any. The Directors considered that fair value change in the convertible redeemable preferred shares attributable to changes of credit risk was not significant.

The movements of convertible redeemable preferred shares are set out below:

	Series Pre-A Preferred Shares		Series A Preferred Shares		Series B Preferred Shares		Series C Preferred Shares		Total
	Number of shares	*RMB'000*	Number of shares	*RMB'000*	Number of shares	*RMB'000*	Number of shares	*RMB'000*	*RMB'000*
As at 31 December 2020 and 1 January 2021	15,044,618	209,397	32,000,000	482,576	36,928,277	693,799	–	–	1,385,772
Issue	10,714,273	30,000	–	–	–	–	35,422,353	842,111	872,111
Redeem	(2,452,317)	(58,154)	–	–	–	–	–	–	(58,154)
Foreign exchange gains *(note)*	–	(2,080)	–	(4,793)	–	(6,888)	–	(2,299)	(16,060)
Changes in fair value	–	836,717	–	918,290	–	926,659	–	718,123	3,399,789
As at 30 June 2021 (Unaudited)	**23,306,574**	**1,015,880**	**32,000,000**	**1,396,073**	**36,928,277**	**1,613,570**	**35,422,353**	**1,557,935**	**5,583,458**

Note: The foreign exchange gains on convertible redeemable preferred shares were credited in gains on foreign exchange differences for the reporting period (Note 4).

17. OTHER FINANCIAL LIABILITIES

In July 2019, Chengdu Kangnuo Xing Biosciences Co., Ltd. ("Chengdu KNX"), a subsidiary within the Group, entered into an investment agreement (the "Hi-tech Investment Agreement") with Chengdu Hi-tech New Economy Venture Capital Co., Ltd.(成都高新新經濟創業投資有限公司，"Hi-tech"). Pursuant to the Hi-tech Investment Agreement, Hi-tech subscribed for 16.6667% interests of Chengdu KNX for a cash consideration of RMB100,000,000 (the "Hi-tech Investment Principal").

In March 2020, Chengdu KNX entered into an investment agreement (the "Bio-town Investment Agreement") with Chengdu Bio-town Equity Investment Co., Ltd. (成都生物城股權投資有限公司，"Bio-town"). Pursuant to the Bio-town Investment Agreement, Bio-town subscribed for 2.4390% interests of Chengdu KNX for a cash consideration of RMB15,000,000 (the "Hi-tech Investment Principal").

The key terms of the Hi-tech Investment Agreement and Bio-town Investment Agreement are as follows:

At the request of Hi-tech Investment and Bio-town Investment (collectively the "Onshore Investors"), Chengdu KNX shall repurchase all or portion of their outstanding ownership from time to time on or upon, amongst others, the fifth anniversary of the Closing with a repurchase price being the higher of:

(1) the corresponding equity value of Chengdu KNX evaluated by a third-party valuer at the time of triggering the repurchase obligation; or

(2) 100% of the principals plus interest accrued at the rate of eight percentage (simple interest) of the principals per annum starting from the principals receiving date (the "Closing") to the repurchase price payment date by Chengdu KNX.

Under the Hi-tech Investment Agreement, Chengdu KNX was given a call option to repurchase at least 2/3 of the ownership held by Hi-tech in tranches within three years after the Closing. The redemption price is determined to be the Hi-tech Investment Principal plus a 8% annual simple interest rate commencing from the date of Hi-tech Investment Principal payment to the date of repurchase.

Liquidation preferences

In an event of any liquidation, all assets and funds of Chengdu KNX legally available for distribution to the shareholders of Chengdu KNX shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

(1) Prior to and in preference to any distribution of any of the assets of Chengdu KNX to other shareholders of Chengdu KNX, the Onshore Investors shall be entitled to receive an amount equal to 100% of the Principal, plus a simple annual interest of 8% (the "Preference Amount");

(2) Upon the receiving of the Preference Amount by the Onshore Investors, the residual assets and funds could be allocated among other shareholders of Chengdu KNX based on their percentage of paid-in and addition to paid-in capital;

Under current IFRSs, when the call or put option is granted, the instrument is regarded as a debt and the Group is required to record a financial liability which is to be measured at the present value of the exercise price. The financial liability is subsequently measured in accordance with IFRS 9.

The directors initially have estimated that the potential exercise price would be RMB100,000,000 and RMB15,000,000, respectively, based on the present value of the exercise price when Chengdu KNX entered into the Hi-tech Investment Agreement and Bio-town Investment Agreement, the Group has recorded expenses of RMB1,728,000 (unaudited) and RMB5,383,000 (unaudited) associated with the changes in the present value of the exercise price, which are included in finance costs in profit or loss for the six months ended 30 June 2020 and 2021, respectively.

18. SHARE CAPITAL

The Company was incorporated on 23 April 2018 with authorised share capital of USD50,000. As at 30 June 2021, the authorised share capital was divided into 500,000,000 ordinary shares ("Ordinary Shares") with a par value of USD0.0001 each, of which 372,342,796 shares are designated as Ordinary Shares, 23,306,574 shares are designated as Pre-A Preferred Shares, 32,000,000 shares are designated as Series A Preferred Shares, 36,928,277 shares are designated as Series B Preferred Shares and 35,422,353 shares are designated as Series C Preferred Shares.

Issued and fully paid

	Number of shares in issue	Share capital	
		USD'000	*RMB'000*
As at 31 December 2020			
Ordinary shares of USD0.0001 each	67,098,209	7	45

Issued and fully paid (unaudited)

	Number of shares in issue	**Share capital**	
		USD'000	***RMB'000***
As at 30 June 2021			
Ordinary shares of USD0.0001 each	**67,098,209**	**7**	**45**

A summary of the movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	
		USD'000	*RMB'000*
As at 31 December 2020	67,098,209	7	45
Treasury shares held in trust *(Note)*	17,976,153	–	–
As at 30 June 2021 (Unaudited)	**85,074,362**	**7**	**45**

Note: As at 30 June 2021, 17,976,153 Shares have been reserved under the Restricted Share Units Scheme and are currently held by Eagle Hero Management Limited for further grant or vesting of awards under the Restricted Share Units Scheme. Eagle Hero Management Limited is a special purpose vehicle managed by Trident Trust Company (HK) Limited, the trustee of Keymed Talent Success Trust, established for the purpose of facilitating the administration of the Restricted Share Unit Scheme.

19. SHARE-BASED PAYMENTS

Restricted Share Units Scheme

Pursuant to a written shareholders' resolution of the Company passed on 5 April 2021, a Restricted Share Unit Scheme ("RSU Scheme") has been approved for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operation. Up to 17,976,153 shares of the Company was authorised and approved under the Scheme. The number of RSUs, grant date, and vesting period are determined at the discretion of the Company's board of directors. The Scheme shall be valid and effective for the period of ten years commencing on the listing date. As at 30 June 2021, a total of 4,538,197 RSUs were granted to eligible employees.

The RSUs have respective vesting terms over 4 years from the grant date. The RSUs shall be vested after the completion of the listing and according to such vest schedule: 25% of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 75% of the total number of RSUs shall be vested in three substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and then on up to the fourth anniversary of the grant date.

During the reporting period, the Group recognised share-based payments expenses of RMB8,049,000 (unaudited) (six months ended 30 June 2020: Nil).

The fair value of RSUs as at the grant date was determined using back-solve method based on the most recent issue price of the Company's preferred shares.

The key inputs into the model other than the underlying equity fair value of the Company at grant date were as follows:

	5 April 2021
Expected volatility (%)	88.16%
Risk-free interest rate (%)	0.30%

Share Option Plan for Dr. Qian Jia

On 18 March 2021, Dr. Bo Chen, Dr. Qian Jia and Moonshot Holdings Limited entered into an agreement, pursuant to which Dr. Bo Chen granted Dr. Qian Jia an option to purchase up to 802 ordinary shares of Moonshot Holdings Limited held by Dr. Bo Chen at nil consideration, for the purpose of providing incentive to Dr. Qian Jia.

Up to 30 June 2021, the option has been fully exercised by Dr. Qian Jia.

During the reporting period, the Group recognised share-based payments expense of RMB91,461,000 (unaudited) (six months ended 30 June 2020: Nil), based on the estimated fair value of ordinary shares of the Company on the grant date using back-solve method from the most recent issue price of the Company's preferred shares.

20. COMMITMENTS

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	
Contracted, but not provided for:	**32,407**	1,970

21. RELATED PARTY TRANSACTIONS

The Directors are of the opinion that the following companies are related parties that had material transactions or balances with the Group during the reporting period.

(a) Name and relationships of the related parties

Name	**Relationship**
I CARE Investment Chengdu Co., Ltd. 毅新康諾(成都)企業管理中心(有限合夥) ("I CARE")	Controlled by Dr. Bo Chen
Dr. Bo Chen	Chairman, chief executive, and director

(b) Transactions with the related parties

The Group

	For the Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses		
I CARE	**–**	240

(c) Outstanding balances with related parties:

The Group

	30 June 2021 ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000*
Amounts due to related parties, non-trade		
I CARE	**–**	40,873
Dr. Bo Chen	**–**	1,500
	–	42,373

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

	For the Six months ended 30 June	
	2021 ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Unaudited)
Salaries, bonuses, allowances and benefits in kind	**5,148**	2,469
Pension scheme contributions	**273**	36
Equity-settled share-based payments expense	**93,589**	–
	99,010	2,505

22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group at the end of the reporting period are as follows:

Financial assets

	30 June 2021 ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000*
Financial assets at FVTPL:		
Other investments classified as financial assets at FVTPL	**73,501**	10,394
Financial assets at amortised cost:		
Financial assets included in prepayments, other receivables and other assets	**9,119**	4,082
Time deposits	**111,062**	144,279
Cash and bank balances	**833,609**	199,409
	953,790	347,770

Financial liabilities

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	
Financial liabilities at FVTPL:		
Convertible redeemable preferred shares	**5,583,458**	1,385,772
Financial assets at amortised cost:		
Trade payables	**3,254**	3,418
Financial liabilities included in other payables and accruals	**23,797**	3,927
Amounts due to related parties	**–**	42,373
Other financial liabilities	**137,019**	131,636
	164,070	181,354

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and the fair value of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 30 June 2021		As at 31 December 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
		(Unaudited)		
Financial assets				
Other investments classified as financial assets at FVTPL	**73,501**	**73,501**	10,394	10,394
Financial liabilities				
Convertible redeemable preferred shares	**5,583,458**	**5,583,458**	1,385,772	1,385,772

Management has assessed that the fair value of cash and bank balances, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in trade payables, other payables and accruals and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the Chief Finance Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the Chief Finance Officer at the end of the reporting period. The finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2021 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Financial assets				
Other investments classified as financial assets at FVTPL	**–**	**73,501**	**–**	**73,501**
Financial liabilities				
Convertible redeemable preferred shares	**–**	**–**	**5,583,458**	**5,583,458**

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Other investments classified as financial assets at FVTPL	–	10,394	–	10,394
Financial liabilities				
Convertible redeemable preferred shares	–	–	1,385,772	1,385,772

During the reporting period, there was no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

Below is a summary of significant unobservable inputs to the valuation of convertible redeemable preferred shares together with a quantitative sensitivity analysis as at 30 June 2021 and 31 December 2020:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of fair value to the input**
Convertible redeemable preferred shares	Back-solve method	DLOM	1.51%-22.50%	*note i*
		Volatility	78.23%-89.00%	*note ii*

Note:

i. 1% increase/decrease in DLOM while holding all other variables constant would decrease/increase the fair value of convertible redeemable preferred shares by RMB56,629,000/56,629,000 and RMB16,957,000/16,949,000 as at 30 June 2021 and 31 December 2020.

ii. 1% increase/decrease in volatility while holding all other variables constant would decrease/increase the fair value of convertible redeemable preferred shares by RMB52,000/58,000 and RMB1,491,000/1,498,000 as at 30 June 2021 and 31 December 2020.

24. EVENTS AFTER THE REPORTING PERIOD

On 8 July 2021, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issuance of 58,264,500 new shares of par value of US$0.0001 each at the offering price of HK$53.3 per share. The gross proceeds arising from the IPO amounted to approximately HK$3,105 million (approximately equivalent to RMB2,587 million).

Upon the completion of the listing, all of the Company's convertible redeemable preferred shares were automatically converted into ordinary shares of the Company.

On 4 August 2021, the Company completed over-allotment issuance of 8,739,500 new shares at an offering price of HK$53.3 per share. The gross proceeds arising from the over-allotment issuance amounted to approximately HK$466 million (approximately equivalent to RMB388 million).

DEFINITIONS

In this interim results announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"Audit Committee"	the audit committee of the Board
"ADCC"	antibody dependent cell-mediated cytotoxicity or antibody-dependent cellular cytotoxicity, a mechanism of cell-mediated immune defense whereby an effector cell of the immune system actively lyses a target cell, whose membrane-surface antigens have been bound by specific antibodies
"ADCP"	antibody-dependent cellular phagocytosis, the mechanism by which antibody-opsonized target cells activate the FcγRs on the surface of macrophages to induce phagocytosis, resulting in internalization and degradation of the target cell through phagosome acidification
"BLA"	biologics license application
"Board of Directors" or "Board"	the board of Directors
"CDC"	complement-dependent cytotoxicity, the mechanism by which antibody-coated target cells recruit and activate components of the complement cascade, leading to the formation of a membrane attack complex on the cell surface and subsequent cell lysis
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cGMP" or "Current Good Manufacturing Practice"	cGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. cGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the cGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations. This includes establishing strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories

"Company" or "our Company"	Keymed Biosciences Inc. (formerly known as 2Health Biosciences, Inc.), an exempted company with limited liability incorporated in the Cayman Islands on April 23, 2018
"Core Product"	CM310, the designated "core product" as defined under Chapter 18A of the Listing Rules
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"Director(s)"	the director(s) of the Company or any one of them
"Dr. Chen"	Dr. Bo Chen, the chairman of our Board, an executive Director and the chief executive officer of our Company
"FcγRs"	Fc-gamma receptors, a receptor for the Fc region of immunoglobulin
"FDA"	the Food and Drug Administration of the United States
"Global Offering"	the offer of Shares for subscription as described in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IgA"	immunoglobulin A
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.

"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"InnoCare"	Beijing InnoCare Pharma Tech Co., Ltd. (北京諾誠健華醫藥科技有限公司), a limited liability company incorporated under the laws of PRC on December 13, 2013, a subsidiary of InnoCare Pharma Limited (HKSE: 9969), and an Independent Third Party
"IPO"	the initial public offering of the Shares on the Main Board of the Stock Exchange on July 8, 2021
"Lepu Biopharma"	Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司), a limited liability company incorporated under the laws of PRC on January 19, 2018, and an Independent Third Party
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	July 8, 2021, on which the Shares were listed and from which dealings therein were permitted to take place 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)
"Mabworks"	Beijing Mabworks Biotech Co., Ltd. (北京天廣實生物技術股份有限公司), a limited liability company incorporated under the laws of PRC on February 27, 2003, and an Independent Third Party
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Reporting Period"	the six months ended June 30, 2021
"Prospectus"	the prospectus of the Company dated June 25, 2021

"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"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) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"%"	per cent

By order of the Board
Keymed Biosciences Inc.
Dr. Bo CHEN
Chairman

Hong Kong, August 31, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Bo CHEN, Dr. Changyu WANG and Dr. Gang XU as executive Directors; Mr. Qi CHEN, Dr. Dong LYU, Dr. Min Chuan WANG and Mr. Yilun LIU as non-executive Directors; Prof. Xiao-Fan WANG, Prof. Yang KE, Mr. Cheuk Kin Stephen LAW and Prof. Linqing LIU as independent non-executive Directors.