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, 2022

FINANCIAL HIGHLIGHTS

	Six months ended June 30,			
	2022	2021	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	(Unaudited)		
Revenue	**100,000**	–	100,000	100%
Cost of sales	**(2,537)**	–	(2,537)	(100%)
Gross profits	**97,463**	–	97,463	100%
Research and development expenses	**(164,008)**	(191,061)	(27,053)	(14%)
Administrative expenses	**(51,048)**	(26,836)	24,212	90%
Foreign exchange gains, net	**99,692**	9,821	89,871	915%
Fair value changes on convertible redeemable preferred shares	**–**	(3,399,789)	(3,399,789)	(100%)
Total comprehensive profit/(loss) for the period	**2,524**	(3,630,431)	3,632,955	(100%)
Adjusted total comprehensive loss for the period[(1)]	**(73,972)**	(140,953)	(66,981)	48%

	June 30,	December 31,		
	2022	2021	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	(Audited)		
Cash and cash equivalents, time deposits, and bank wealth management products at FVTPL	**3,422,442**	3,524,579	(102,137)	(3%)

Note:

(1) Adjusted total comprehensive loss for the period is not defined under the IFRSs. It represents the total comprehensive profit/(loss) for the period excluding the effect of certain items, such as equity-settled share-based payments expenses, foreign exchange gains and fair value losses on convertible redeemable preferred shares.

IFRS Measures:

- Revenue amounted to RMB100 million for the six months ended June 30, 2022, mainly representing out-licensing income from CSPC in respect of granting a license.

- Cost of sales represented R&D costs incurred under the out-licensing arrangements for the six months ended June 30, 2022.

- Research and development expenses decreased by RMB27 million to RMB164 million for the six months ended June 30, 2022, from RMB191 million for the six months ended June 30, 2021. The decrease was primarily attributable to decreased share-based payment expenses, netted off an increase in clinical trial expenses and salaries for research and development personnel for the six months ended June 30, 2022.

- Administrative expenses increased by RMB24 million to RMB51 million for the six months ended June 30, 2022, from RMB27 million for the six months ended June 30, 2021. The increase was primarily attributable to increased staff costs and professional fees.

- From 2018 to 2021, the Group issued convertible redeemable preferred shares ("**Preferred Shares**") for equity financing. These Preferred Shares had been automatically converted to ordinary shares on a 1:1 basis upon the completion of the IPO on 8 July 2021, and the then fair value of financial liabilities had been reclassified as equity accordingly. Accordingly, no fair value change on the Preferred Shares had been recorded since the IPO.

Non-IFRS Measures:

To supplement the Group's consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted loss for the period as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that these adjusted measures provide useful information to Shareholders and potential investors in understanding and evaluating our consolidated results of operations in the same way as they help our management.

Adjusted loss for the period represents the profit/(loss) for the period excluding the effect of certain items, namely the fair value loss on convertible redeemable preferred shares, foreign exchange gains and share-based expenses. Foreign exchanges gains have a material impact on the operation result of the Group for the six months ended 30 June 2022. This was solely due to the amount of HK$ and USD held by the Group together with the fluctuation of exchange rates among HK$, RMB and USD during the Reporting Period. The term adjusted loss for the period is not defined under IFRSs. The use of this non-IFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-IFRSs measure reflects our core operating results by eliminating potential impacts of items that our management do not consider to be indicative of our core operating performance, and thus, facilitate comparisons of core operating performance from period to period and company to company to the extent applicable. The table below sets forth a reconciliation of profit/(loss) to adjusted loss for the period indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total comprehensive profit/(loss) for the period	**2,524**	(3,630,431)
Add:		
Fair value changes on convertible redeemable preferred shares	**–**	3,399,789
Share-based payments	**23,196**	99,510
Less:		
Foreign exchange gains, net	**99,692**	9,821
Adjusted total comprehensive loss for the period	**(73,972)**	(140,953)

Adjusted total comprehensive loss for the six months ended June 30, 2022 decreased by RMB67 million, mainly attributable to increased revenue from CSPC by RMB100 million.

BUSINESS HIGHLIGHTS

During the Reporting Period, we have rapidly proceeded with the research and development of our products and made the following milestones and progress with respect to our pipeline and business operation:

Rapid development of in-house discovered products

- **The progress of core pipeline products：**

  - **CM310 (IL-4Rα antibody)**

    We have initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of CM310 in adult subjects with moderate-to-severe AD in the first quarter of 2022. The Phase III clinical study is expected to be completed and the NDA is expected to be submitted in 2023. In June 2022, the CDE granted CM310 breakthrough therapy designation for this indication.

    We have completed the Phase II clinical trial of CM310 for patients with CRSwNP at the end of the first quarter of 2022. We also have completed unblinded data and disclosed the relevant data in March 2022. Based on the positive results from Phase II clinical trial, we have initiated a randomized, double-blinded, placebo-controlled Phase III clinical trial to evaluate the efficacy and safety of CM310 in patients with CRSwNP in mid-2022.

    In July 2022, the IND for CM310 for the treatment of allergic rhinitis has been approved by the NMPA.

    In August 2022, the IND for CM310 for the treatment of adults with moderate-to-severe AD has been approved by the FDA.

    JMT-Bio, a wholly-owned subsidiary of CSPC, holds the exclusive license to develop and commercialize CM310 for the treatment of moderate-to-severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan). As of the end of the Reporting Period, CSPC has initiated the Phase II clinical study for the treatment of moderate-to-severe asthma.

- **CM326 (TSLP antibody)**

  We have initiated a multi-center, randomized, double-blinded, placebo-controlled Phase Ib/IIa clinical trial to evaluate the safety, tolerability, PK/PD, immunogenicity, and preliminary efficacy of CM326 in subjects with moderate-to-severe AD in the first half of 2022.

  We have initiated a multi-center, randomized, double-blinded, placebo-controlled Phase Ib/IIa clinical study to evaluate the safety, tolerability, PK/PD, immunogenicity, and preliminary efficacy of CM326 in subjects with CRSwNP in mid-2022.

  JMT-Bio, a wholly-owned subsidiary of CSPC, has the exclusive license to develop and commercialize CM326 for the treatment of moderate-to-severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan).

- **CMG901 (Claudin 18.2 ADC)**

  We have completed the patient enrollment of the dose-escalation stage of Phase I clinical trial of CMG901 in subjects with solid tumors in the first half of 2022. Furthermore, we also initiated the dose-expansion stage of Phase I clinical trial of CMG901 in subjects with solid tumors in China in the second quarter of 2022.

  In April 2022, CMG901 has been granted the Fast Track Designation and the Orphan-drug Designation by the FDA, for the treatment of relapsed/refractory gastric cancer and gastroesophageal junction adenocarcinoma.

- **CM313 (CD38 antibody)**

  We actively proceeded with the dose-escalation stage of Phase I clinical trial of CM313 for treatment of patients with MM in the first half of 2022. We also have initiated a dose-expansion stage of Phase I clinical trial of CM313 for treatment of patients with MM at the end of the first quarter of 2022.

  In January 2022, we submitted an IND application to the NMPA for CM313 for treatment of indication of systemic lupus erythematosus (SLE), and the NMPA approved the IND in April 2022.

- **Progress of other pipeline products：**

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

    We actively proceeded with a Phase I clinical trial of CM338 in healthy volunteers in the first half of 2022, and plan to initiate the clinical trial in patients with immunoglobulin A nephropathy (IgAN) in the second half of 2022.

  - **CM355 (CD20xCD3 bispecific antibody)**

    In January 2022, the first patient was dosed with CM355, which is currently in the dose-escalation stage of Phase I clinical study. CM355 was jointly developed by us and InnoCare.

  - **CM336 (BCMAxCD3 bispecific antibody)**

    We internally discovered and developed CM336, which is currently in the patient screening stage of Phase I clinical study.

  - **CM350 (GPC3xCD3 bispecific antibody)**

    In January 2022, we received the IND approval from the NMPA for CM350 for the treatment of solid tumors. In May 2022, the first patient was dosed with CM350, which is currently in the dose-escalation stage of Phase I clinical study.

  - **CM369 (CCR8 antibody)**

    In August 2022, CM369 was approved by NMPA for clinical trials for the treatment of advanced solid tumors. CM369 was co-developed by us and InnoCare.

Rapid expansion of workforce and production facilities

- As of June 30, 2022, the Company had 474 employees in total, including over 160 employees engaging in clinical development and operations and over 180 employees engaging in manufacturing and quality control. We will continue to recruit talents to meet the growing needs of research and development, clinical, production, operational and future commercialization.

- The construction of the first phase of a new plant in Chengdu is expected to be completed in 2022 and will have an additional production capacity of 16,000 litre upon completion. The designs of all facilities are in compliance with the requirements of cGMP of the NMPA and FDA.

Other matters

- In March 2022, our Shares have been included as eligible stocks of the Shenzhen-Hong Kong Stock Connect with effect from March 7, 2022.

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 their respective competitive landscape.

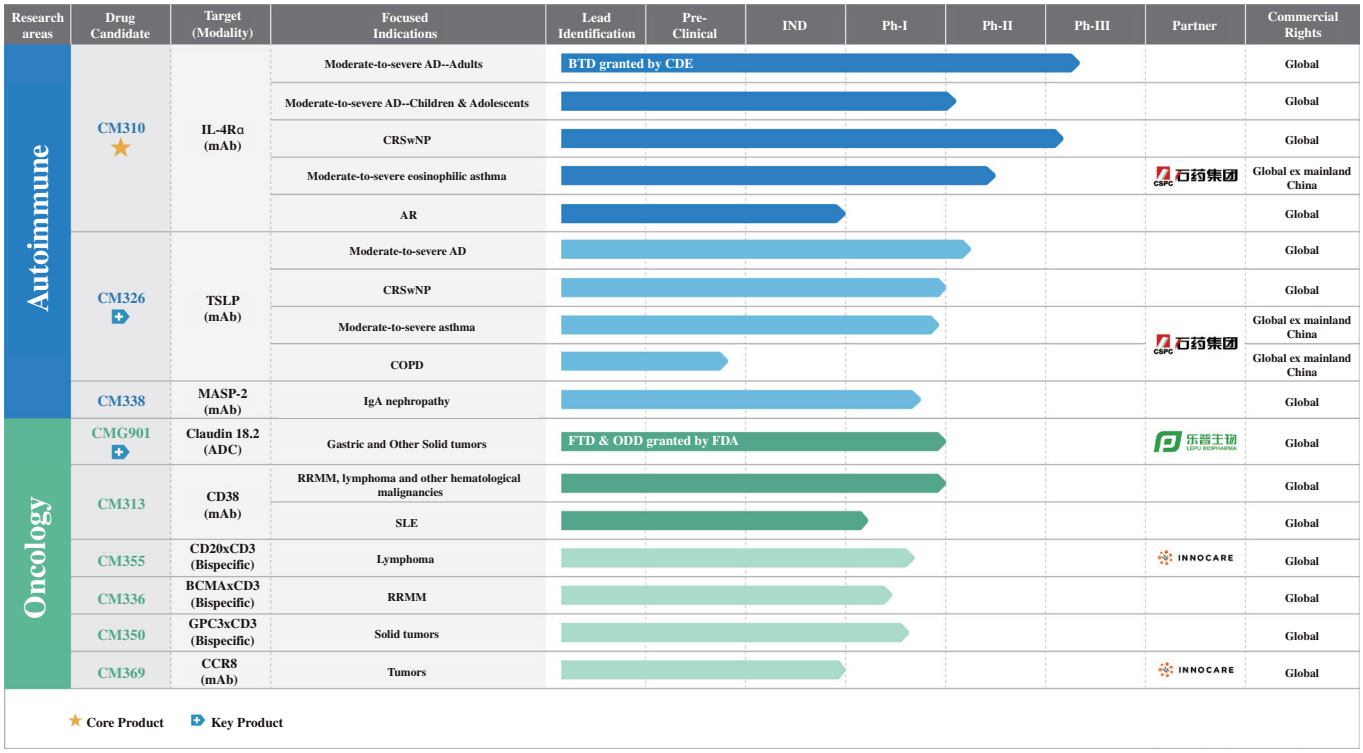
Based on a solid foundation in biomedical research, we also built in-house drug discovery and development technologies that are complemented by our collaboration with other pharmaceutical and biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. As of June 30, 2022, we have nine clinical-stage and IND-enabling drug candidates in our internally-developed pipeline.

To accelerate the efficiency of 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 molecule discovery and optimization, preclinical evaluation, process development, translational research, clinical development and manufacturing. 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 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 ventures 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 end of the Reporting Period:



Abbreviations: 1H = first half; 2H = second half; AD = atopic dermatitis; ADC = antibody drug conjugate; AR=allergic rhinitis; 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). 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 immunological diseases in adults, adolescents and children, such as moderate-to-severe atopic dermatitis (AD), moderate-to-severe asthma, chronic rhinosinusitis with nasal polyposis (CRSwNP), allergic rhinitis, and potentially chronic obstructive pulmonary disease (COPD). It demonstrated favorable safety and encouraging efficacy in Phase Ia, Phase Ib/IIa and Phase IIb clinical trials.

  We have initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of CM310 in adult subjects with moderate-to-severe AD in the first quarter of 2022. The Phase III clinical study has been approved by the CDE and plans to include 500 subjects. The co-primary endpoints are the percentage of subjects achieving EASI-75 and the percentage of subjects achieving an IGA score of 0 or 1 with a deduction of ≥2 points from the baseline in the 16th week of treatment. The enrollment of subjects is expected to be completed by the second half of 2022 and the NDA is expected to be submitted to the NMPA in 2023.

  In June 2022, the CDE has granted CM310 breakthrough therapy designation for the treatment of moderate-to-severe atopic dermatitis. Drugs that have been granted the breakthrough therapy designation are prioritized by the CDE in communications and exchange, and in receiving guidance to promote the drug development progress.

  We have completed the Phase II clinical trial of CM310 for patients with CRSwNP by the end of the first quarter of 2022, and the results of primary endpoints of this clinical trial were disclosed in March 2022. 56 subjects were enrolled in this Phase II study, and the co-primary efficacy endpoints were the changes from baseline in bilateral nasal endoscopic polyp score (NPS) and nasal congestion score (NCS) at week 16 during treatment period. Among others, NPS and NCS at week 16 in CM310 group reduced by 2.32 and 1.23 from baseline, respectively, which were significantly superior to those in placebo (decreased by 0.19 and 0.30, respectively). Meanwhile, CM310 continued to show a promising safety profile in this study. The incidence of treatment-emergent adverse events (TEAE) in CM310 group was comparable to that of placebo. No Grade 3 and above TEAE occurred and all of TEAEs were transient and the subjects recovered without any medical intervention.

Based on the above data, we have initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of CM310 in patients with CRSwNP in mid-2022. The Phase III clinical study has been approved by CDE and plans to include 180 subjects. The co-primary efficacy endpoints were the changes from baseline in bilateral nasal endoscopic polyp score (NPS) and nasal congestion score (NCS) at week 16 during treatment period. The NDA for this indication is expected to be submitted to the NMPA in 2023.

In July 2022, the IND for CM310 for the treatment of allergic rhinitis has been approved by the NMPA.

In August 2022, the IND for CM310 for the treatment of adults with moderate-to-severe AD has been approved by the FDA.

JMT-Bio, a wholly-owned subsidiary of CSPC, has the exclusive license to develop and commercialize CM310 for the treatment of moderate-to-severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan). As of June 30, 2022, CSPC has initiated the Phase II clinical study for the treatment of moderate-to-severe asthma.

- **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 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 have initiated a multi-center, randomized, double-blinded, placebo-controlled Phase Ib/IIa clinical trial to evaluate the safety, tolerability, PK/PD, immunogenicity, and preliminary efficacy of CM326 in subjects with moderate-to-severe AD in the first half of 2022.

We have initiated a multi-center, randomized, double-blinded, placebo-controlled Phase Ib/IIa clinical trial to evaluate the safety, tolerability, PK/PD, immunogenicity, and preliminary efficacy of CM326 in subjects with CRSwNP in mid-2022.

JMT-Bio, a wholly-owned subsidiary of CSPC, holds the exclusive license to develop and commercialize CM326 for the treatment of moderate-to-severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan).

- **CMG901 (Claudin 18.2 ADC)**

  CMG901 is a Claudin 18.2-targeting ADC comprising 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 both 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 have completed the patient enrollment of the dose-escalation stage of Phase I clinical trial of CMG901 in subjects with solid tumors in the first half of 2022, and plan to present and disclose the data from the Phase I clinical trial in academic papers/conferences in the future. Furthermore, we also initiated the dose-expansion stage of Phase I clinical trial of CMG901 in subjects with solid tumors in China in the second quarter of 2022.

  In April 2022, CMG901 for the treatment of relapsed/refractory gastric cancer and gastroesophageal junction adenocarcinoma has been granted the Fast Track Designation by the FDA. Previously, we have received the Orphan-drug Designation for this indication from the FDA.

- **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/refractory multiple myeloma (MM), lymphoma and other hematological malignancies.

  In the first half of 2022, we continued proceeding with a multi-center, open-label Phase I clinical trial to evaluate the safety, tolerability, pharmacokinetics, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including MM and lymphoma, and we have initiated a dose-expansion stage of Phase I clinical trial of CM313 for treatment of MM in China at the end of the first quarter of 2022.

  In addition, in January 2022, we submitted an IND application to the NMPA for CM313 for treatment of indication of systemic lupus erythematosus (SLE), and the NMPA approved the IND in April 2022.

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

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

  We continued proceeding with a Phase I clinical study of CM338 in healthy volunteers in the first half of 2022. We planned to initiate the clinical trial in patients with immunoglobulin A nephropathy (IgAN) in the second half of 2022.

- **CM355 /ICP-B02 (CD20xCD3 bispecific antibody)**

  CM355 is a CD20xCD3 bispecific antibody for the treatment of relapsed/refractory non-Hodgkin's lymphoma (NHL). In preclinical studies, CM355 demonstrated stronger TDCC activities and less cytokine release as compared to its leading competitors.

  We collaborate with InnoCare for the development of CM355. In January 2022, we have completed the first patient dosing of the clinical trial of CM355 for the treatment of relapsed or refractory non-Hodgkin's lymphoma (NHL), which is currently in the dose-escalation stage of Phase I clinical study.

- **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, which is currently in the patient-screening stage of Phase I clinical study.

- **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. In January 2022, we received the IND approval from the NMPA to carry out the clinical trial of solid tumors. In May 2022, we have completed the enrollment of the first subject of Phase I clinical study of CM350 for the treatment of hepatocellular carcinoma, which is currently in the dose-escalation stage of Phase I clinical study.

- **CM369/ ICP-B05 (CCR8 antibody)**

  CM369 is an anti-CC chemokine receptor 8 (CCR8) monoclonal antibody, a potential fist-in-class drug co-developed by us and InnoCare as a monotherapy or in combination with other therapies for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells (Tregs) in the tumor microenvironment (TME). CM369 binds to CCR8 on Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. CM369 has the potential to deliver optimal tumor targeted Treg depletion and be more specific in anti-tumor activity than other immunotherapies.

  We collaborate with InnoCare for the development of CM369. In August 2022, the CM369 was approved by NMPA for clinical trials for the treatment of advanced solid tumors.

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, CM338, CM355, CM336, CM350, and CM369 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 are always committed to enhancing our in-house manufacturing capabilities. 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 litres was built in Chengdu in 2019, which internally manufactured antibody continuously and successfully for preclinical and clinical studies. The construction of the first phase of a new plant in Chengdu is expected to be completed in 2022 and will have an additional production capacity of 16,000 litres upon completion. The designs of all facilities are in compliance with the requirements of cGMP of the NMPA and FDA.

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 maximize 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, CM336 and CM350 which are in the clinical trial stage as of the date of this announcement. In preclinical studies, the above 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 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 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 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 in three months. This allows us to rapidly advance our assets to the preclinical and clinical evaluation stage and accelerate the drug development process.

IMPACT OF THE COVID-19 OUTBREAK

The resurgence of COVID-19 since the beginning of 2022 did not have a material adverse impact on our business, financial position and results of operations. Although we experienced minor delays in the patient enrollment process and data entry for certain of our clinical trials in China as a result of COVID-19 epidemic control policies, the situation has improved subsequently. As of June 30, 2022, 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, including our cooperative CROs, for our clinical development. Furthermore, since the outbreak of the COVID-19 and as of the end of the Reporting Period, there was no suspected or confirmed COVID-19 case in our premises or among our employees, nor had we experienced any production suspension and decrease in production volume of our manufacturing facilities. 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 the date of this announcement.

OTHER CORPORATE DEVELOPMENT

In March 2022, our Shares have been included as eligible stocks of the Shenzhen Hong Kong Stock Connect with effect from March 7, 2022. We believe the inclusion of the Company in the trading mechanism of the Shenzhen-Hong Kong Stock Connect programme will allow us to access a broader investor base in Mainland China and increase the trading liquidity of our Shares, which would result in realization of the value of investment in the Company and further enhancement of the Company's brand awareness.

FUTURE DEVELOPMENT

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

In anticipation of increased production demands for our drug candidates, we plan to further expand our cGMP-compliant manufacturing capacity to improve the cost-effectiveness of our production. 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.

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**100,000**	–
Cost of sales	**(2,537)**	–
GROSS PROFIT	**97,463**	–
Other income and gains	**130,259**	21,425
Research and development expenses	**(164,008)**	(191,061)
Administrative expenses	**(51,048)**	(26,836)
Fair value changes on convertible redeemable preferred shares	**–**	(3,399,789)
Other expenses	**–**	(379)
Finance costs	**(1,331)**	(6,043)
Share of profits and losses of Joint venture	**(8,811)**	–
Listing expenses	**–**	(27,748)
PROFIT/(LOSS) BEFORE TAX	**2,524**	(3,630,431)
Income tax expense	**–**	–
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	**2,524**	(3,630,431)
Attributable to:		
Owners of the parent	**5,454**	(3,628,500)
Non-controlling interests	**(2,930)**	(1,931)

1. Revenue and Cost of Sales

During the Reporting Period, the Group's revenue primarily consisted of collaboration income from CSPC in respect of granting relevant license. Cost of sales mainly represented R&D costs incurred under the out-licensing arrangement for the six months ended June 30, 2022.

2. 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. The other income and gains of the Group increased by RMB109 million to RMB130 million for the six months ended June 30, 2022, from RMB21 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase in gain on exchange differences as a result of appreciation of USD and interest income with an amount of RMB90 million and RMB13 million respectively.

3. Research and Development Expenses

During the Reporting Period, the Group's R&D 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, 2022, the R&D expenses of the Group decreased by RMB27 million to RMB164 million. The decrease was primarily attributable to the decrease of share-based payment for employees by RMB79 million, netted off an increase in clinical trial and pre-clinical study expenses by RMB7 million and an increase in staff salaries by RMB29 million. Such an increase in clinical trail and pre-clinical study expenses was consistent with the expansion of our research and development team and the ramp up of the scale of our research and development plans during the Reporting Period.

4. 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) depreciation and amortization of property, plant and equipment and other intangible assets related to administrative activities; (iv) professional services fees paid to legal counsel, agents, auditor, and other professional service providers, incurred in connection with business operations; and (v) travelling expenses of our administrative employees. For the six months ended June 30, 2022, the administrative expenses of the Group increased by RMB24 million to RMB51 million, from RMB27 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase in employee compensation and professional services fees by RMB16 million and RMB3 million respectively.

5. Fair Value Losses on Convertible Redeemable Preferred Shares

For the six months ended June 30, 2021, the Group recorded fair value loss on convertible redeemable preferred shares of RMB3,400 million. These Preferred Shares had been automatically converted to ordinary shares on a 1:1 basis upon the completion of the IPO on July 8, 2021, and the then fair value of financial liabilities had been reclassified to equity accordingly. No fair value change on the Preferred Shares had been recorded accordingly since then.

6. Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of implicit interest on other financial liabilities and interest on lease liabilities. For the Reporting Period, the finance costs of the Group decreased by RMB5 million to RMB1 million, from RMB6 million for the six months ended June 30, 2021. The decrease was primarily attributable to the decrease of the implicit interest on other financial liabilities by RMB5 million.

7. Share of loss of a joint venture

During the Reporting Period, our shared loss from the 50%-owned joint venture, Beijing Tiannuo Pharma Tech Co., Ltd., amounted to RMB9 million. The increase was primarily attributable to the expenses of clinical studies incurred by the joint venture during the Reporting Period.

8. Income Tax Expense

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

9. Selected Data from Consolidated Statement of Financial Position

	As at 30 June 2022 ***RMB'000*** **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Total current assets	**3,559,896**	3,581,949
Total non-current assets	**543,433**	352,506
Total assets	**4,103,329**	3,934,455
Total current liabilities	**348,009**	112,075
Total non-current liabilities	**122,824**	176,998
Total liabilities	**470,833**	289,073
Net current assets	**3,211,887**	3,469,874

10. Liquidity and Capital Resources

As at June 30, 2022, our time deposits and cash and bank balances decreased by RMB152 million to RMB3,319 million from RMB3,471 million as at December 31, 2021. The decrease was primarily attributable to cash outflows used in our daily business operation and partially offset by the cash inflows from collaboration income and government grants.

As at June 30, 2022, the current assets of the Group were RMB3,560 million, including cash and bank balances of RMB1,176 million, time deposits of RMB2,143 million and other current assets of RMB241 million. As at June 30, 2022, the current liabilities of the Group were RMB348 million, including trade payables of RMB10 million, other payables and accruals of RMB81 million, other financial liabilities of RMB142 million, interest-bearing bank borrowings of RMB100 million and other current liabilities of RMB15 million.

For the six months ended June 30, 2022, our net cash used in operating activities increased by RMB80 million to RMB165 million from RMB85 million for the six months ended June 30, 2021. The increase was primarily attributable to our business expansion as well as the progress advancement of our clinical trials.

For the six months ended June 30, 2022, our net cash used in investing activities increased by RMB302 million to RMB343 million from RMB41 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase in the purchase of fixed assets and placement of time deposits.

For the six months ended June 30, 2022, our net cash from financing activities decreased by RMB701 million to RMB64 million from RMB765 million for the six months ended June 30, 2021. For the six months ended June 30, 2021, we received proceeds from issue of series c preferred shares while nil during the Reporting Period.

11. Indebtedness

As at June 30, 2022, our interest-bearing bank borrowings amounted to RMB110 million and unutilized credit facilities amounted to RMB90 million.

As at June 30, 2022, the lease liabilities increased by RMB1 million to RMB40 million as the result of the increase in right-of-use assets.

As at June 30, 2022, the other financial liabilities increased by RMB1 million to RMB142 million as the result of the recognition of the implicit interest expenses.

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as of June 30, 2022 was 11%, representing an increase of 4% from the gearing ratio of 7% as at December 31, 2021.

12. 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.

Bank wealth management products were recorded as financial assets at FVTPL of RMB103 million as of June 30, 2022, increased by RMB50 million from RMB53 million as of December 31, 2021.

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, 2022.

13. 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, 2022.

14. Contingent Liabilities

As of June 30, 2022, we did not have any contingent liabilities. We confirm that as of the date of this announcement, there have been no material changes or arrangements to our contingent liabilities.

15. Capital Commitments

As of June 30, 2022, we had capital commitments contracted, but not yet provided, of RMB182 million, which were related to the purchase of property, plant and equipment for the Group's production plant.

16. Pledge of Assets

As of June 30, 2022, the Group has not pledged or charged any assets.

17. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of our 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 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.

HUMAN RESOURCES

As of June 30, 2022, we had 474 employees in total, including one who is employed overseas and the remaining in China. In strict compliance with the relevant labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and opportunity to participate in share incentive schemes to our employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

Our Company has adopted the 2021 RSU Scheme on April 5, 2021 (further details of which are set forth in our Prospectus) and the 2022 RSU Scheme on January 21, 2022 (further details of which are set forth in the Company's announcement dated January 21, 2022 and January 28, 2022). During the Reporting Period, restricted share units underlying 1,586,103 Shares had been awarded under the 2021 RSU Scheme.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On July 5, 2022, in order to make efficient use of idle funds, the Company, through its wholly-owned subsidiary iBridge HK Holdings Limited, entered into a subscription agreement with J.P. Morgan Securities plc, pursuant to which iBridge HK Holdings Limited agreed to subscribe for the index-linked notes in the principal amount of USD25 million (approximately RMB167 million) issued by JPMorgan Chase Financial Company LLC. Please refer to the Company's announcement dated July 5, 2022 for details of the transaction.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this announcement.

INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended June 30, 2022.

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 on the Stock Exchange as its own code of corporate governance.

Under the code provision C.2.1 of part 2 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), three non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

Code provision F.2.2 of part 2 of the CG code provides that the chairman of the Board should attend the annual general meeting and that the chairmen of the audit, remuneration, nomination and any other committees should be invited to attend the annual general meeting, in their absence, the chairman of the Board should invite other members of the committee or other duly appointed delegate to attend. Dr. Chen (being the chairman of the board and chairman of the nomination committee), Mr. Qi CHEN (being a member of the audit committee) and Dr. Changyu WANG (being a member of the remuneration committee) attended the Company annual general meeting on June 28, 2022.

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

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 Reporting Period and up to the date of this announcement.

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, are 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 Reporting Period and up to the date of this announcement. In addition, the Company is not aware of any non-compliance with the Model Code by the senior management of the Group during the Reporting Period and up to the date of this announcement.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Board has established the Audit Committee which comprises two independent non-executive Directors and one non-executive Director, namely Mr. Cheuk Kin Stephen LAW (Chairperson), Prof. Linqing LIU and Mr. Qi CHEN. 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 condensed interim financial information of the Group for the six months ended June 30, 2022 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

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 is not prepared, in all material respects, in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this announcement.

USE OF PROCEEDS FROM GLOBAL OFFERING

In connection with the Global Offering, 67,004,000 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 RMB2,841 million. Dealings in the shares of the Company on the Stock Exchange commenced on July 8, 2021. The Group will apply such proceeds in a manner consistent with the intended use of proceeds as set out in the Prospectus.

The table below sets forth the utilisation of the net proceeds from the Global Offering and the unused amount as at June 30, 2022:

Business objective as stated in the Prospectus	**Planned applications** *RMB million*	**Balance as at December 31, 2021** *RMB million*	**Actual utilisation during the Reporting Period** *RMB million*	**Balance as at June 30, 2022** *RMB million*	**Expected timeline for unutilized amount**
R&D and commercialization of the Company's core product and key drug candidates	1,705	1,621	95	1,526	By the end of 2025
Preclinical evaluation and clinical development of the Company's other pipeline products	426	378	68	310	By the end of 2024
Payment of lease for the Company's new manufacturing and R&D facilities and procurement of machinery and equipment	426	264	187	77	By the end of 2023
General corporate and working capital purposes	284	227	39	188	By the end of 2024
Total	2,841	2,490	389	2,101	

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 2022

	Notes	**2022** ***RMB'000*** **(Unaudited)**	2021 *RMB'000* (Unaudited)
Revenue	*4*	**100,000**	–
Cost of sales		**(2,537)**	–
GROSS PROFIT		**97,463**	–
Other income and gains	*5*	**130,259**	21,425
Research and development expenses		**(164,008)**	(191,061)
Administrative expenses		**(51,048)**	(26,836)
Fair value losses on convertible redeemable preferred shares		**–**	(3,399,789)
Other expenses		**–**	(379)
Finance costs	*6*	**(1,331)**	(6,043)
Share of losses of Joint venture		**(8,811)**	–
Listing expenses		**–**	(27,748)
PROFIT/(LOSS) BEFORE TAX	*7*	**2,524**	(3,630,431)
Income tax expense	*8*	**–**	–
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		**2,524**	(3,630,431)
Attributable to:			
Owners of the parent		**5,454**	(3,628,500)
Non-controlling interests		**(2,930)**	(1,931)
		2,524	(3,630,431)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		**RMB2.08 cents**	RMB(54.08)
Diluted		**RMB2.04 cents**	RMB(54.08)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	As at 30 June 2022 *RMB'000* (Unaudited)	As at 31 December 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**392,018**	139,419
Right-of-use assets		**39,485**	38,111
Other intangible assets		**1,552**	1,104
Prepayments, other receivables and other assets	*13*	**88,908**	153,591
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	*14*	**10,000**	–
Investment in a joint venture	*12*	**11,470**	20,281
Total non-current assets		**543,433**	352,506
CURRENT ASSETS			
Inventories		**37,971**	16,393
Contract assets		**–**	3,980
Prepayments, other receivables and other assets	*13*	**99,483**	36,997
Financial assets at fair value through profit or loss ("FVTPL")	*15*	**103,045**	53,401
Time deposits		**2,143,240**	1,950,559
Cash and cash equivalents		**1,176,157**	1,520,619
Total current assets		**3,559,896**	3,581,949
CURRENT LIABILITIES			
Trade payables	*16*	**9,842**	2,784
Other payables and accruals	*17*	**81,180**	95,402
Amounts due to related parties	*23*	**553**	553
Deferred income	*25*	**2,234**	1,612
Other financial liabilities	*19*	**141,700**	–
Interest-bearing bank borrowings	*24*	**100,000**	–
Lease liabilities		**12,500**	11,724
Total current liabilities		**348,009**	112,075
NET CURRENT ASSETS		**3,211,887**	3,469,874
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,755,320**	3,822,380

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2022

	Notes	As at 30 June 2022 *RMB'000* (Unaudited)	As at 31 December 2021 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Deferred income	*25*	**85,352**	8,719
Lease liabilities		**27,472**	26,985
Interest-bearing bank borrowings	*24*	**10,000**	–
Other financial liabilities	*19*	**–**	141,294
Total non-current liabilities		**122,824**	176,998
NET ASSETS		**3,632,496**	3,645,382
EQUITY			
Equity attributable to owners of the parent			
Share capital	*20*	**171**	171
Treasury shares	*20*	**(38,606)**	–
Reserves		**3,679,449**	3,650,799
		3,641,014	3,650,970
Non-controlling interests		**(8,518)**	(5,588)
TOTAL EQUITY		**3,632,496**	3,645,382

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent							
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium* *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 2022	171	–	8,515,868	116,823	(4,981,892)	3,650,970	(5,588)	3,645,382
Total comprehensive profit for the period	–	–	–	–	5,454	5,454	(2,930)	2,524
Share-based payments *(note 21)*	–	–	–	23,196	–	23,196	–	23,196
Shares repurchased *(note 20)*	–	(38,606)	–	–	–	(38,606)	–	(38,606)
At 30 June 2022 (Unaudited)	171	(38,606)	8,515,868	140,019	(4,976,438)	3,641,014	(8,518)	3,632,496

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)
Share-based payments *(note 21)*	–	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)

* These reserve accounts compromise the consolidated reserves of RMB3,679,449,000 (31 December 2021: RMB3,650,799,000) in consolidated statements of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	**For the six months ended 30 June 2022 (Unaudited) *RMB'000***	For the six months ended 30 June 2021 (Unaudited) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**2,524**	(3,630,431)
Adjustments for:			
Finance costs	*6*	**1,331**	6,043
Interest income	*5*	**(15,261)**	(1,869)
Foreign exchange gains, net	*5*	**(99,692)**	(9,821)
Gain on fair value changes on financial assets at FVTPL	*5*	**(2,005)**	(243)
Depreciation of property plant and equipment	*7*	**8,731**	7,363
Amortisation of other intangible assets	*7*	**150**	20
Depreciation of right-of-use assets	*7*	**6,021**	3,099
Government grants		**(2,024)**	(892)
Equity-settled share-based payments	*21*	**23,196**	99,510
Share of profits and losses of a joint venture	*12*	**8,811**	–
Disposal of property, plant and equipment		**270**	–
Fair value losses on convertible redeemable preferred shares		**–**	3,399,789
		(67,948)	(127,432)
Increase in prepayments, other receivables and other assets		**(46,257)**	(39,771)
Increase in inventories		**(21,578)**	(13,697)
Decrease in contract assets		**3,980**	–
Increase/(decrease) in trade payables		**7,058**	(164)
(Decrease)/increase in other payables and accruals		**(40,633)**	26,078
Increase in contract liabilities		**–**	70,236
Net cash flows used in operating activities		**(165,378)**	(84,750)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2022

	Notes	**For the six months ended 30 June 2022 (Unaudited) *RMB'000***	For the six months ended 30 June 2021 (Unaudited) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**15,261**	1,869
Purchases of property, plant and equipment		**(186,734)**	(14,927)
Receipts of government grants related to property, plant and equipment		**79,279**	2,907
Purchases of intangible assets		**(598)**	(194)
Purchases of unlisted equity investment		**(10,000)**	–
Purchases of wealth management products		**(399,000)**	(82,400)
Proceeds from disposal of wealth management products		**351,361**	19,535
Placement of time deposits with maturity dates over three months		**(192,681)**	–
Withdrawal of time deposits with maturity dates over three months		**–**	32,300
Net cash flows used in investing activities		**(343,112)**	(40,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		**(7,058)**	(2,926)
Repayment to related parties		**–**	(42,373)
Proceeds from issue of preferred shares		**–**	872,111
Repurchase of shares		**(38,606)**	–
New bank loans		**110,000**	–
Repurchase of convertible redeemable preferred shares		**–**	(58,154)
Issue costs paid		**–**	(3,477)
Net cash flows from financing activities		**64,336**	765,181
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(444,154)**	639,521
Cash and cash equivalents at beginning of the period		**1,520,619**	199,409
Effect of foreign exchange rate changes, net		**99,692**	(5,321)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,176,157**	833,609
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the interim condensed consolidated statements of financial position		**1,176,157**	833,609

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 comprises the interim condensed consolidated statements of financial position as at 30 June 2022, the interim condensed consolidated statements of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and 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

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 annual consolidated financial statements for the year ended 31 December 2021.

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 2021, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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, the Group generated all revenue from Mainland China.

Majority of the Group's non-current assets were located in Mainland China as at 30 June 2022, geographical segment information in accordance with IFRS 8 Operation Segments is presented.

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Hong Kong	**507**	703
Mainland China	**542,926**	351,803
	543,433	352,506

Information about major customers

Revenue of RMB100,000,000 (six months ended 30 June 2021: Nil) was derived from collaborations with a pharmaceutical company. Further details are set out in note 4.

4. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of services		
Collaboration revenue	**100,000**	–
Timing of revenue recognition		
Transferred at a point in time	**100,000**	–

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

License of Intellectual Property

The performance obligation is satisfied at a point in time when the customer obtains the rights to use the underlying intellectual property under the respective license.

In November 2021, the Group entered into an exclusive license agreement (the "Agreement") with JMT-Bio Technology Co., Ltd. ("JMT-Bio"), to develop, use, sell, offer for sale and commercialize CM326 (the "Product"), a TSLP antibody, for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). Pursuant to the Agreement, JMT-Bio will be responsible for the clinical development, regulatory activities and commercialization of CM326 in the Field and the Territory at its own costs and expenses. JMT-Bio will be the market authorization holder of CM326 in the Field, and in the Territory, once approved. Pursuant to the Agreement, the Group is entitled to receive upfront, milestone and royalty payments. In January 2022, JMT-Bio paid the Group a one-time and non-refundable upfront payment of RMB100 million. The Group recognized revenue of RMB100 million when the Group had completed granting an exclusive and royalty-bearing license under the know-how and patents related to the Product in the Field and the Territory to JMT-Bio accordingly during the six months ended 30 June 2022.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants	**13,301**	9,492
Interest income	**15,261**	1,869
Other gains		
Fair value gains on financial assets at FVTPL	**2,005**	243
Gain on exchange differences, net	**99,692**	9,821
	130,259	21,425

6. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Implicit interest on other financial liabilities	**406**	5,383
Interest on lease liabilities	**925**	660
	1,331	6,043

7. PROFIT/(LOSS) BEFORE TAX

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

		For the six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		**8,731**	7,363
Depreciation of right-of-use assets		**6,021**	3,099
Amortization of other intangible assets		**150**	20
Listing expenses		**–**	27,748
Lease payments not included in the measurement of lease liabilities		**449**	215
Government grants	*5*	**(13,301)**	(9,492)
Auditor's remuneration		**650**	641
Interest income	*5*	**(15,261)**	(1,869)
Finance costs	*6*	**1,331**	6,043
Foreign exchange gains, net	*5*	**(99,692)**	(9,821)
Fair value losses on convertible redeemable preferred shares		**–**	3,399,789
Fair value gains on financial assets at FVTPL	*5*	**(2,005)**	(243)
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
– Wages and salaries		**46,186**	29,907
– Pension scheme contributions		**10,151**	6,005
– Staff welfare expenses		**7,185**	140
– Share-based payment expenses		**14,162**	99,510
		77,684	135,562

8. 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%, 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 profit/(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 2022 (Unaudited)

	Mainland China *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Profit/(loss) before tax	**(89,725)**	**92,249**	**2,524**
Tax charged at the statutory tax rate	**(22,431)**	**(10,418)**	**(32,849)**
Additional deductible allowance for qualified research and development costs	**(17,960)**	**–**	**(17,960)**
Deductible temporary difference and tax losses not recognised	**38,490**	**10,418**	**48,908**
Expenses not deductible for tax	**1,901**	**–**	**1,901**
Tax charge at the Group's effective rate	**–**	**–**	**–**

For the six months ended 30 June 2021 (Unaudited)

	Mainland China *RMB'000*	Others *RMB'000*	Total *RMB'000*
Profit/(loss) before tax	(206,941)	(3,423,490)	(3,630,431)
Tax charged at the statutory tax rate	(51,735)	(1,404)	(53,139)
Additional deductible allowance for qualified research and development costs	(16,623)	–	(16,623)
Deductible temporary difference and tax losses not recognised	339	–	339
Expenses not deductible for tax	68,019	1,404	69,423
Tax charge at the Group's effective rate	–	–	–

The Group has accumulated tax losses in Mainland China of RMB766,248,000 (unaudited) in aggregate as at 30 June 2022 (31 December 2021: RMB680,246,000), 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 RMB13,175,000 (unaudited) in aggregate as at 30 June 2022 (31 December 2021: RMB1,203,000) 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.

9. DIVIDENDS

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

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) for the period attributable to ordinary equity holders of the parent	**5,454**	(3,628,500)
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**261,689,314**	67,098,209
Effect of dilution		
– Restricted share units	**5,655,662**	–
Number of shares		
Weighted average number of ordinary shares outstanding for the computation of diluted earnings/(loss) per share	**267,344,976**	67,098,209

The computation of diluted loss per share for the six months ended 30 June 2021 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group purchased fixed assets at a cost of RMB261,600,000 (30 June 2021: RMB10,864,000).

Assets with a net book value of RMB270,000 were disposed of by the Group during the six months ended 30 June 2022 (30 June 2021: Nil).

No impairment loss was recognised during the six months ended 30 June 2022 (30 June 2021: Nil)

12. INVESTMENT IN A JOINT VENTURE

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of investment in a joint venture	**21,000**	21,000
Share of accumulated losses of a joint venture	**(9,530)**	(719)
	11,470	20,281

Name	**Place of Registration and business**	**Ownership interest**	**Percentage Voting power**	**Profit sharing**	**Principle activity**
Beijing Tiannuo Pharma Tech Co., Ltd. ("Tiannuo Pharma")	Mainland China	50%	50%	50%	Clinical research

Up to 30 June 2022, Tiannuo Pharma is still a start-up company involved in research and development of biotechnology and pharmaceutical products. The following table illustrates the financial information of the joint venture, which is not material to the consolidated financial statements of the Group:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Share of losses of a joint venture for the period/year	**(8,811)**	(719)
Share of a joint venture's total comprehensive loss for the period/year	**(8,811)**	(719)
Aggregate carrying amount of the Group's investment in a joint venture	**11,470**	20,281

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Non-current:		
Value-added tax recoverable	**3,858**	19,582
Prepayments for property, plant and equipment	**80,498**	128,951
Rental deposits	**2,476**	2,193
Advances to employees	**2,076**	2,865
	88,908	153,591
Current:		
Prepayments for		
– Research and development expenses	**59,503**	16,270
– Raw materials	**9,400**	6,033
– Value-added tax recoverable, current	**16,943**	–
– Others	**6,247**	2,109
Other receivables		
– Receivable for CDM service income	**480**	6,570
– Advances to employees	**3,568**	2,357
– Rental deposits	**2,500**	2,938
– Other receivables	**842**	720
	99,483	36,997

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.

14. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unlisted equity investments	**10,000**	–

During the reporting period, the Group subscribed for insignificant equity interests in Shanghai Duoning Biotechnology Co., Ltd. at a consideration of RMB10 million in cash. The unlisted equity investment is measured at fair value through other comprehensive income.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Wealth management products	**103,045**	53,401

The investments measured at FVTPL are wealth management products denominated in RMB. The above wealth management products were issued by banks in Mainland China. The principals and yields on all of these wealth management products are not guaranteed, and hence their contractual cash flows do not qualify for solely payments of principal and interest.

16. TRADE PAYABLES

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**5,073**	271
3 to 6 months	**3,528**	1,958
6 months to 1 year	**852**	392
Over 1 year	**389**	163
	9,842	2,784

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

17. OTHER PAYABLES AND ACCRUALS

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Payroll payable	**15,856**	29,118
Accrued research and development expenses	**18,267**	18,630
Accrued raw materials received	**3,600**	–
Accrued professional fees	**1,319**	2,180
Other tax payables	**242**	935
Other payables:		
– Accrued listing expenses	**–**	30,513
– Payables for property, plant and equipment	**37,383**	10,971
– Others	**4,513**	3,055
	81,180	95,402

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.

18. CONVERTIBLE REDEEMABLE PREFERRED SHARES

From 2018 to 2021, the Company issued convertible redeemable preferred shares ("Preferred Shares") for equity financing. These Preferred Shares had been automatically converted to ordinary shares of the Company on a 1:1 basis upon the completion of the Company's IPO on 8 July 2021, and the then fair value of financial liabilities had been reclassified to equity accordingly. No fair value change on the Preferred Shares had been recorded accordingly since then.

19. 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 an 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 RMB5,383,000 (unaudited) and RMB406,000 (unaudited) associated with the changes in the present value of the exercise price, which are regarded as implicit interests included in finance costs in profit or loss for the six months ended 30 June 2021 and 2022, respectively.

Based on the respective correspondences with High-tech and Bio-town, Management estimated that the repurchase will be completed by the end of 2022 and reclassify the financial liabilities to current liabilities accordingly as at 30 June 2022.

20. SHARE CAPITAL

Issued and fully paid

	Number of shares in issue	Share capital	
		USD'000	*RMB'000*
As at 31 December 2021 and 30 June 2022			
Ordinary shares of USD0.0001 each	279,735,566	27	171

Among these 279,735,566 issued ordinary shares, 17,976,153 shares remained unpaid as of 30 June 2022.

During the reporting period, The Company repurchased 1,816,000 shares with the total amount of RMB38,606,000 from the open market, which are held by Bright Season Enterprises Limited, a trust controlled by the Company established for the 2022 Restricted Share Unit Scheme. There is no movement in the Company's share capital during the report period.

21. SHARE-BASED PAYMENTS

Restricted Share Units ("RSUs") Scheme

Pursuant to a written shareholders' resolution of the Company passed on 5 April 2021, a Restricted Share Unit Scheme (the "2021 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 were authorised and approved under the 2021 RSU Scheme. The number of RSUs granted, the grant date, and the vesting period under the 2021 RSU Scheme will be 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.

Pursuant to a written Board resolution passed by the Company on 21 January 2022, a Restricted Share Unit Scheme (the "2022 RSU Scheme") has been approved to recognize and incentivize the grantee's contributions and to retain and further develop to attract outstanding employees. Under the Scheme, the authorized and approved shares of the Company will not exceed 2% of the total issued share capital of the Company as at the grant date (i.e., not more than 5,594,711 shares). The number of RSUs granted, the grant date, and the vesting period under the 2022 RSU Scheme, shall be determined by the Company's Board of Directors. The scheme was effective on 21 January 2022 and is valid for ten years.

Up to 30 June 2022, 1,816,000 shares were repurchased from the open market and held under the 2022 RSU Scheme.

As at 30 June 2022, a total of 6,410,390 RSUs were granted to eligible employees under the 2021 RSU Scheme.

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.

The following RSUs were outstanding during the period ended 30 June 2022:

	Number of RSUs
At 1 January 2022	5,119,984
Granted during the period	1,586,103
Forfeited during the period	(295,697)
At 30 June 2022 (Unaudited)	**6,410,390**

The vesting periods and fair value of the RSUs outstanding as at 30 June 2022 are as follows:

As at 30 June 2022

	Number of RSUs outstanding	**Vesting period**	**Fair value at grant date** ***RMB per share***
Batch 1	4,150,318	4 years	14.65
Batch 2	2,260,072	4 years	18.2-43.03
	6,410,390		

The fair values of RSUs as at the grant date for Batch 1 and Batch 2 were determined based on the fair value of ordinary shares on the grant date. Major inputs used for the determination of the fair value of ordinary shares are listed as follows:

	Batch 1	**Batch 2**
Expected volatility (%)	88.16%	N/A
Risk-free interest rate (%)	0.30%	N/A
Discount for lack of marketability ("DLOM")	27%	N/A

The fair values of RSUs for Batch 2 was determined with reference to the closing price of ordinary shares of the Company traded publicly on the Hong Kong Stock Exchange at the grant date or the previous trading day, and hence no inputs were applicable.

During the reporting period, the Group recognised share-based payments expenses of RMB23,196,000 (unaudited) (six months ended 30 June 2021: RMB8,049,000).

22. COMMITMENTS

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

	30 June 2022 ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Contracted, but not provided for:		
Purchase of property, plant and equipment	**233,963**	254,345

23. RELATED PARTY TRANSACTIONS

The Directors are of the opinion that the following parties 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
Dr. Gang Xu	Director
Dr. Qian Jia	Key management personnel

(b) Outstanding balances with related parties:

The Group

	30 June 2022 ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
Amounts due to related parties, non-trade		
Dr. Qian Jia	**550**	550
Dr. Gang Xu	**3**	3
	553	553

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

	For the Six months ended 30 June	
	2022 ***RMB'000*** **(Unaudited)**	2021 *RMB'000* (Unaudited)
Salaries, bonuses, allowances and benefits in kind	**6,520**	5,148
Pension scheme contributions	**326**	273
Equity-settled share-based payments expense	**9,034**	93,589
	15,880	99,010

24. INTEREST-BEARING BANK BORROWINGS

		30 June 2022	
	Effective interest rate (%)	**Maturity**	**RMB'000 (Unaudited)**
Current			
Bank loans – unsecured	**3.50%**	**2023/6/29**	**50,000**
Bank loans – unsecured	**3.00%**	**2023/6/29**	**50,000**
Non-current			
Bank loans – unsecured	**LPR+0.2%**	**2023/12/29**	**10,000**

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**100,000**	–
In the second year	**10,000**	–

25. DEFERRED INCOME

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Government grants:		
Non-current	**85,352**	8,719
Current	**2,234**	1,612
	87,586	10,331

The movements in deferred income during the period ended 30 June 2022 are as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At beginning of the year	**10,331**	9,659
Grants received during the period/year	**79,279**	3,906
Amounts released to profit or loss during the period/year	**(2,024)**	(3,234)
At end of the year	**87,586**	10,331

The grants were mostly government subsidies received from local government authorities related to property, plant and equipment to support the Group's research and development activities and will be released to profit or loss over the expected useful life of the relevant property, plant and equipment.

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
"BLA"	biologics license application
"Board of Directors" or "Board"	the board of Directors
"CDE"	the Center for Drug Evaluation of the National Medical Products Administration
"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, the Macau Special Administrative Region of the PRC 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

"CSPC"	CSPC Pharmaceutical Group Limited, a company listed on the Stock Exchange (stock code: 1093), and, if the context requires, its affiliates
"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
"FDA"	the Food and Drug Administration of the United States
"FTD"	the Fast Track Designation, the obtainment of which for drug candidates would provide the opportunity to accelerate the review process in various forms, including but not limited to (1) more communications and meetings with the FDA, to obtain closer guidance in drug development, clinical trial design and so on; (2) having the qualification of priority review and accelerating approval after meeting the relevant criteria; (3) rolling review
"FVTPL"	fair value through profit and loss
"Global Offering"	the offering of Shares for subscription as described in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and 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
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IGA"	Investigator's Global Assessment scale, a five-point scale that provides a global clinical assessment of AD severity ranging from 0 to 4, where 0 indicates clear, 2 is mild, 3 is moderate and 4 indicates severe AD
"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"	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
"JMT-Bio"	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
"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)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Product 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)
"Prospectus"	the prospectus of the Company dated June 25, 2021
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"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

"USD"	United States dollars, the lawful currency of the U.S.
"2021 RSU Scheme"	the restricted share unit scheme adopted by the Board on April 5, 2021
"2022 RSU Scheme"	the restricted share unit scheme adopted by the Board on January 21, 2022
%	per cent

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

Hong Kong, August 29, 2022

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. 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.