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, 2023

FINANCIAL HIGHLIGHTS

	Six months ended June 30,			
	2023	2022	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	(Unaudited)		
Revenue	**327,124**	100,000	227,124	227%
Cost of sales	**(15,017)**	(2,537)	(12,480)	492%
Gross profit	**312,107**	97,463	214,644	220%
Research and development expenses	**(249,757)**	(164,008)	(85,749)	52%
Administrative expenses	**(82,372)**	(51,048)	(31,324)	61%
Foreign exchange gains, net	**31,110**	99,692	(68,582)	(69%)
Profit for the period	**48,145**	2,524	45,621	1,807%
Adjusted profit for the period (as illustrated under "Non-IFRS Measures")	**63,828**	25,720	38,108	148%

	June 30,	December 31,		
	2023	2022	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	(Audited)		
Cash and cash equivalents, time deposits, and financial assets at FVTPL	**2,978,750**	3,175,326	(196,576)	(6%)

IFRS Measures:

- Revenue amounted to RMB327 million for the six months ended June 30, 2023, mainly representing collaboration income from AZ in respect of granting the relevant license.
- Cost of sales represented R&D costs incurred under the out-licensing arrangement for the six months ended June 30, 2023.

- R&D expenses increased by RMB86 million to RMB250 million for the six months ended June 30, 2023, from RMB164 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase of salaries for R&D employees and clinical trial expenses.

- Administrative expenses increased by RMB31 million to RMB82 million for the six months ended June 30, 2023, from RMB51 million for the six months ended June 30, 2022. The increase was consistent with the business expansion of the Group.

Non-IFRS Measures:

To supplement the Group's consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted profit 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 turn as they help our management.

Adjusted profit for the period represents the profit for the period excluding the effect of the share-based payment expenses. The term adjusted profit 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 condition 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 to adjusted profit for the period indicated:

	Six months ended June 30,			
	2023	2022	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	(Unaudited)		
Profit for the period	**48,145**	2,524	45,621	1,807%
Add:				
Share-based payments	**15,683**	23,196	(7,513)	(32%)
Adjusted profit for the period	**63,828**	25,720	38,108	148%

BUSINESS HIGHLIGHTS

During the Reporting Period, we have rapidly proceeded with the R&D 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

- **Progress of core pipeline products:**

  - **CM310 (IL-4Rα antibody)**

    We continued proceeding with 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 half of 2023. In March 2023, we completed the data unblinding and preliminary statistical analyses of the Phase III clinical study, which demonstrated that the primary efficacy endpoints of the study were successfully achieved, and the safety profiles were well and consistent with the historical results. The Group is in communication with the NMPA regarding the NDA, and the NDA is expected to be submitted within 2023.

    We continued proceeding with a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of CM310 in patients with CRSwNP in the first half of 2023, and the patient enrollment of the Phase III clinical study was completed in May 2023. The NDA for this indication is expected to be submitted to the NMPA in 2024.

    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 the date of this announcement, CSPC has initiated the critical Phase II/III clinical study for the treatment of moderate-to-severe asthma, and the patient enrollment is currently in progress.

  - **CM326 (TSLP antibody)**

    We continued proceeding with a randomized, double-blinded, placebo-controlled Phase II clinical study to evaluate the efficacy and safety of CM326 in adult patients with moderate-to-severe AD in the first half of 2023, and the patient enrollment of the Phase II clinical trial was completed in June 2023.

    In addition, we continued proceeding with a multi-center, randomized, double-blinded, placebo-controlled Phase Ib/IIa clinical trial to evaluate the safety, tolerability, pharmacokinetics/pharmacodynamics, immunogenicity, and preliminary efficacy of CM326 in subjects with CRSwNP in the first half of 2023, and the patient enrollment of the Phase Ib/IIa clinical trial was completed in February 2023.

    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). As of the date of this announcement, CSPC has initiated the Phase II clinical study for the treatment of moderate-to-severe asthma, and the patient enrollment is currently in progress.

- **CMG901 (Claudin 18.2 ADC)**

  We continued proceeding with the Phase I clinical study of CMG901 for the treatment of advanced solid tumors in the first half of 2023.

  In January 2023, at the 2023 ASCO Gastrointestinal Cancers Symposium, we presented, in a form of poster, the latest data of Phase Ia dose-escalation clinical study of CMG901 for the treatment of advanced solid tumors. The results of the study showed good safety and tolerability for CMG901. In terms of efficacy, among eight patients with Claudin 18.2-positive gastric cancer or gastroesophageal junction adenocarcinoma were treated with CMG901, the objective remission rate was 75%, and the disease control rate was 100%. Among them, the objective remission rate of patients in the 2.6, 3.0 and 3.4 mg/kg cohorts were all 100%. Neither the median progression-free survival (mPFS) nor the median overall survival (mOS) has been reached.

  In February 2023, KYM, a 70% non-wholly owned subsidiary of the Group, entered into a global exclusive license agreement with AstraZeneca. AstraZeneca has been granted the exclusive worldwide license for the R&D, registration, production and commercialization of CMG901, and is responsible for all costs and activities related to its further development and commercialization under the license agreement. Pursuant to the license agreement and subject to its terms and conditions, KYM will receive an upfront payment of US$63 million and additional potential payments of up to US$1,125 million upon achievement of certain development, regulatory and commercial milestones. In particular, the upfront payment of US$63 million was received on March 31, 2023.

- **CM313 (CD38 antibody)**

  We continued proceeding with a multi-center, open-label Phase I clinical trial of CM313 in the first half of 2023 to evaluate the safety, tolerability, pharmacokinetics, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including multiple myeloma and lymphoma. In June 2023, we presented, in the form of poster, the latest data from the Phase I clinical study of CM313 for the treatment of RRMM and relapsed/refractory lymphoma at the 28th Annual Congress of the European Hematology Association (EHA). CM313 exhibited a good safety profile in general in this study, and at dose levels of ≥2.0 mg/kg showed preliminary efficacy in the treatment of patients with RRMM.

  In addition, we are continuing proceeding with a randomized, double-blinded, placebo-controlled, dose-escalation, multiple-dose Phase Ib/IIa clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary efficacy of CM313 injection in subjects with systemic lupus erythematosus, and the patient enrollment is currently in progress.

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

  We initiated a Phase II clinical study to evaluate the efficacy and safety of CM338 injection in subjects with immunoglobulin A nephropathy in March 2023, and the patient enrollment of the Phase II trial is currently in progress.

- **Progress of other pipeline products:**

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

    We are conducting a phase I/II clinical trial in China to assess the safety, tolerability, pharmacokinetics, and the preliminary anti-tumor activity of CM355 in relapsed or refractory NHL.

  - **CM336 (BCMAxCD3 bispecific antibody)**

    CM336 is currently in the dose-escalation phase of Phase I clinical study.

  - **CM350 (GPC3xCD3 bispecific antibody)**

    CM350 is currently in the dose-escalation phase of Phase I clinical study.

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

    CM369 is currently in the dose-escalation phase of Phase I clinical study.

Rapid expansion of workforce and production facilities

- As of June 30, 2023, the Company had 750 full-time employees in total, including over 250 employees engaging in clinical development and operations and over 340 employees engaging in manufacturing and quality control. We will continue to recruit talents to meet the growing needs of R&D, clinical, production, operational and product commercialization.

- As of the end of the Reporting Period, the production base in Chengdu has a production capacity of 18,600 litres in total, and all the designs thereof are in compliance with the requirements of cGMP of the NMPA and FDA.

Other matters

- In January 2023, Chengdu Kangnuoxing entered into an asset transfer agreement with Chengdu Bio-Town Construction Co., Ltd.* (成都生物城建設有限公司) for the acquisition of a parcel of land located in Songbai Community No. 1 in Chengdu, consisting of three near-completed buildings situated on the parcel of land, which the Company proposed to use as its new headquarters and a manufacturing plant for its pipeline drug products.

- In June 2023, Keymed Bioscience (Chengdu) Co., Ltd.* (康諾亞生物醫藥科技(成都)有限公司), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Chengdu High-tech New Economy Venture Capital Co., Ltd.* (成都高新新經濟創業投資有限公司) and Chengdu Bio-Town Equity Investment Co., Ltd.* (成都生物城股權投資有限公司) for the acquisition of 18.6992% equity interest in Chengdu Kangnuoxing, a non-wholly owned subsidiary of the Company, upon completion of which Chengdu Kangnuoxing became a wholly-owned subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies that are complemented by our collaboration with other pharmaceutical and biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. As of June 30, 2023, 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 R&D efforts, we also collaborate with third parties on the development and commercialization of our drug candidates through joint venture or out-licensing arrangements.

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

Abbreviations: 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 as defined under Chapter 18A of the Listing Rules, is a humanized and highly potent 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 for multiple indications. Previously, the CDE has granted CM310 breakthrough therapy designation for the treatment of moderate-to-severe AD.

We continued proceeding with 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 half of 2023. In March 2023, we completed the data unblinding and preliminary statistical analyses of the Phase III clinical study, which demonstrated that the primary efficacy endpoints of the study were successfully achieved, and the safety profiles were well and consistent with the historical results. The Group is in communication with the NMPA regarding the NDA which is expected to be submitted in 2023.

We continued proceeding with a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of CM310 in patients with CRSwNP in the first half of 2023, and the patient enrollment of the Phase III clinical study was completed in May 2023. 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 24 during the treatment period. The NDA for this indication is expected to be submitted to the NMPA in 2024.

In July 2023, the results of the CROWNS-1 study led by the team of Dr. Luo ZHANG (張羅) and Dr. Chengshuo WANG (王成碩) from Beijing Tongren Hospital, CMU, were officially published in eClinicalMedicine (IF: 15.1), a sub-journal of The Lancet. The CROWNS-1 study is a multi-center, randomized, double-blinded, placebo-controlled Phase II clinical trial of CM310 for the treatment of eosinophilic chronic rhinosinusitis with nasal polyps (eCRSwNP). The results showed that after 16 weeks of treatment with CM310, there was a significant reduction in the size of the nasal polyps, a significant relief of nasal congestion, a significant decrease in the Lund-Mackay CT score of sinus CT, and a reduction in the size of the sinus lesions, compared with placebo. At the same time, CM310 significantly improved the life quality of eCRSwNP patients. This study is the world's first multi-center RCT study of biologics for the treatment of CRSwNP using pathologic eosinophil count (nasal polyp tissue eosinophil count≥55/ high power field or eosinophil percentage≥27%) as the enrollment criteria. It has demonstrated for the first time that CM310 can significantly reduce the number of eosinophils in nasal polyp tissue of eCRSwNP patients after the treatment internationally, downregulate the level of type II inflammation, and thus reveal the internal mechanism of its therapeutic effect.

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 the date of this announcement, CSPC has initiated the critical Phase II/III clinical study for the treatment of moderate-to-severe asthma, and the patient enrollment is currently in progress.

- **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 continued proceeding with a randomized, double-blinded, placebo-controlled Phase II clinical study to evaluate the efficacy and safety of CM326 in adult patients with moderate-to-severe AD in the first half of 2023, and the patient enrollment of the Phase II clinical trial was completed in June 2023. In addition, we continued proceeding with a multi-center, randomized, double-blinded, placebo-controlled Phase Ib/IIa clinical trial to evaluate the safety, tolerability, pharmacokinetics/pharmacodynamics, immunogenicity, and preliminary efficacy of CM326 in subjects with CRSwNP in the first half of 2023, and the patient enrollment of the Phase Ib/IIa clinical trial was completed in February 2023.

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). As of the date of this announcement, CSPC has initiated the Phase II clinical study for the treatment of moderate-to-severe asthma, and the patient enrollment is currently in progress.

- **CMG901 (Claudin 18.2 ADC)**

CMG901 is a Claudin 18.2-targeting ADC comprising of a Claudin 18.2-specific antibody, a cleavable linker and a toxic payload, monomethyl auristatin E (MMAE). It is the first Claudin 18.2 ADC to have received IND approval in China and the U.S.. Claudin 18.2 is selectively and widely expressed in gastric cancer, pancreatic cancer and other solid tumors, which makes it an ideal tumor target for therapeutic development. Previously, CMG901 was 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, and was granted breakthrough therapy designation by the CDE for the treatment of Claudin 18.2-positive advanced gastric cancer that has failed or cannot be tolerated by first-line treatment or above. In the first half of 2023, we continued proceeding with the Phase I clinical study of CMG901 for the treatment of advanced solid tumors.

In January 2023, we presented, in the form of poster, the latest data from the Phase Ia dose-escalation clinical study about CMG901 for the treatment of advanced solid tumors at the 2023 Gastrointestinal Cancers Symposium of the American Society of Clinical Oncology. As of August 4, 2022, a total of 27 patients (13 with gastric cancer or gastroesophageal junction adenocarcinoma and 14 with pancreatic cancer) were enrolled in the CMG901 Phase Ia clinical study. The study results showed that CMG901 had a good safety and tolerability, with 3/27 (11.1%) patients experiencing grade 3 drug-related adverse events and no grade 4 or above drug-related adverse events. The dose was successfully increased to 3.4 mg/kg and the maximum tolerated dose (MTD) was not reached. Only one patient in the 2.2 mg/kg group had dose-limiting toxicity. In terms of efficacy, eight patients with Claudin 18.2-positive gastric cancer or gastroesophageal junction adenocarcinoma treated with CMG901 had an objective response rate of 75% and a disease control rate of 100%. Objective response rates were 100% for patients in the 2.6, 3.0 and 3.4 mg/kg cohorts. Median progression-free survival (mPFS) and median overall survival (mOS) were not reached.

In February 2023, KYM, a 70% non-wholly owned subsidiary of the Company, and AstraZeneca (a global pharmaceutical company, which to the best of the Company's knowledge and belief, is an Independent Third Party) have entered into a global exclusive license agreement. AstraZeneca has been granted a worldwide exclusive license to research, develop, register, manufacture and commercialize CMG901 and is responsible for all costs and activities associated with its further development and commercialization under the license agreement. According to the license agreement and subject to its terms and conditions, KYM will receive an upfront payment of US$63 million and additional potential payments of up to US$1,125 million upon completion of certain development, regulation and commercial milestones. In particular, the upfront payment of US$63 million was received on March 31, 2023. KYM is also entitled to collect tiered royalties from AstraZeneca on net sales. KYM has a responsibility to provide assistance and personnel to facilitate the transfer of technology and expertise. Unless otherwise agreed, AstraZeneca is responsible for all costs of development and regulatory affairs activities related to the ongoing experiments with respect to CMG901.

- **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 preclinical studies, we believe CM313 has the potential to become an innovative treatment option for relapsed or refractory multiple myeloma (RRMM), lymphoma and other hematological malignancies.

  In the first half of 2023, 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 multiple myeloma and lymphoma. In June 2023, we presented, in the form of poster, the latest data from the Phase I clinical study of CM313 for the treatment of RRMM and relapsed/refractory lymphoma at the 28th Annual Congress of European Hematology Association (EHA). Such Phase I study (NCT04818372) is designed to evaluate the safety and preliminary efficacy of CM313 in the treatment of patients with RRMM and relapsed/refractory lymphoma (currently refer to Waldenström's macroglobulinemia and marginal zone lymphoma). As of October 10, 2022, a total of 34 patents (31 with RRMM and three with marginal zone lymphoma) were enrolled in the study. The safety assessments demonstrated that CM313 was well-tolerated. The dose was successfully escalated up to 16.0 mg/kg, and maximum tolerated dose was not reached. No dose-limiting toxicity was occurred. The most common drug-related adverse events (defined as occurring in ≥20% of patients) were infusion-related reactions and decreased cell counts in lymphocytes, white blood cells and neutrophils. The infusion-related reactions were grade 1 or 2 and occurred during the first two drugs. Among the 29 RRMM patients who had at least one post-baseline efficacy evaluation, the overall objective response rate (ORR) was 34.5%. The median progression-free survival (PFS) was 132 days, and the median overall survival (OS) was not reached. CM313 exhibited a good safety profile in general in this study. CM313 at dose levels of ≥2.0 mg/kg showed preliminary efficacy in the treatment of patients with RRMM.

In addition, given the observed outstanding clearance effect of CM313 on plasma cells, we believe CM313 has the potential to become an innovative treatment option for systemic lupus erythematosus (SLE). We are continuing proceeding with a randomized, double-blinded, placebo-controlled, dose-escalation, multiple-dose Phase Ib/IIa clinical study to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary efficacy of CM313 injection in subjects with systemic lupus erythematosus, and the patient enrollment is currently in progress.

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

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

  In March 2023, we initiated a Phase II clinical study to evaluate the efficacy and safety of CM338 injection in subjects with immunoglobulin A nephropathy (IgAN), and the patient enrollment of the Phase II trial is currently in progress.

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

  CM355 is a CD20xCD3 bispecific antibody co-developed by us and InnoCare for the treatment of B-cell non-Hodgkin's lymphoma (NHL), and can be administrated through monotherapy or in combination with other therapies. In preclinical studies, it demonstrated stronger T-cell directed cellular cytotoxicity (TDCC) activities with less cytokine release as compared to its leading competitive products.

  We are conducing a phase I/II clinical trial in China to assess the safety, tolerability, pharmacokinetics, and the preliminary anti-tumor activity of CM355 in relapsed or refractory NHL. Both intravenous infusion ("IV") formulation and subcutaneous ("SC") formulation are evaluated in dose-escalation for different administration options catering to patient preference and convenience. Encouragingly, our preliminary data of both IV and SC formulations has shown good efficacy of CM355 in patients with follicular lymphoma (FL) and diffuse large B cell lymphoma (DLBCL).

- **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 dose-escalation 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, which is currently in the dose-escalation phase of Phase I clinical study.

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

  CM369 is an anti-C-C motif chemokine receptor 8 (CCR8) monoclonal antibody, a potential first-in-class drug co-developed by our Company and InnoCare as a monotherapy or in combination with other therapies for the treatment of various cancers. The studies have found that as a chemokine receptor with specificity overexpressed on tumor-infiltrating regulatory T cells (Tregs), CM369 binds to specificity of CCR8 on Tregs and eradicates immunosuppressive Tregs through antibody-dependent cell-mediated cytotoxicity (ADCC) action to relieve tumor suppression in the TME without affecting peripheral tissues. CM369 selectively removes Tregs from tumor microenvironment, which has more specificity than other immunotherapies and is expected to have synergistic effects with other therapies.

  Currently, we are conducting the Phase I clinical trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of CM369 in subjects with advanced liquid and solid tumors. Regarding liquid tumor, the IND for the treatment of NHL was approved in March 2023. For solid tumor, the first patient in was in the first quarter of 2023, three cohorts in subjects with solid tumor was completed by far with no DLTs observed. The preliminary results demonstrate favorable pharmacokinetics profile with sufficient exposure for target coverage and pharmacodynamics biomarker Tregs depletion was observed.

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 have always been 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. As of the end of the Reporting Period, the production capacity of the production base in Chengdu has reached 18,600 litres in total, and all the designs thereof 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 preclinical research to clinical development and to NDA/BLA application. Our core platforms are as follows:

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

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

  Leveraging the nTCE platform, we are developing multiple T-cell engaging bispecific antibodies, including CM355, CM336 and CM350 which have entered the clinical-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 fragment crystallisable region (Fc) engineered antibodies. This platform is also empowered by enhanced automatic antibody screening and discovery techniques, leading to cost-efficient discovery of drug candidates with high affinity, cross-species activity and improved developability.

- **Bio-evaluation Platform**

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

- **High-throughput Screening Platform for High Yield Antibody-expressing Cells**

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

OTHER CORPORATE DEVELOPMENT

In January 2023, Chengdu Kangnuoxing entered into an asset transfer agreement with Chengdu Bio-Town Construction Co., Ltd.* (成都生物城建設有限公司) for the acquisition of a parcel of land located in Songbai Community No. 1 in Chengdu, consisting of three near-completed buildings situated on the parcel of land, which the Company proposed to use as its new headquarters and a manufacturing plant for its pipeline drug products. Please refer to the announcement of the Company dated January 18, 2023 for further information.

In February 2023, KYM entered into a global exclusive out-license agreement with AstraZeneca to develop and commercialize CMG901. Please refer to the section headed "Management Discussion and Analysis – Business Review – CMG901 (Claudin 18.2 ADC)" in this interim results announcement and the announcement of the Company dated February 23, 2023 for further information.

In June 2023, Keymed Bioscience (Chengdu) Co., Ltd.* (康諾亞生物醫藥科技(成都)有限公司), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Chengdu High-tech New Economy Venture Capital Co., Ltd.* (成都高新新經濟創業投資有限公司) and Chengdu Bio-Town Equity Investment Co., Ltd.* (成都生物城股權投資有限公司) for the acquisition of 18.6992% equity interest in Chengdu Kangnuoxing, a non-wholly owned subsidiary of the Company, upon completion of which Chengdu Kangnuoxing became a wholly-owned subsidiary of the Company. This acquisition enabled the Group to take full control of Chengdu Kangnuoxing, which would continue to engage in the development and manufacturing of the Group's drug candidates, and benefit from its future developments. Please refer to the announcement of the Company dated June 26, 2023 for further information.

FUTURE DEVELOPMENT

We will continue to rapidly advance both ongoing and planned clinical programs for our pipeline products both 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 both in China and globally.

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

FINANCIAL REVIEW

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**327,124**	100,000
Cost of sales	**(15,017)**	(2,537)
GROSS PROFIT	**312,107**	97,463
Other income and gains	**79,981**	130,259
Research and development expenses	**(249,757)**	(164,008)
Administrative expenses	**(82,372)**	(51,048)
Other expenses	**(381)**	–
Finance costs	**(9,336)**	(1,331)
Share of loss of a joint venture	**(2,097)**	(8,811)
PROFIT BEFORE TAX	**48,145**	2,524
Income tax expense	**–**	–
PROFIT FOR THE PERIOD	**48,145**	2,524
Attributable to:		
Owners of the parent	**46,967**	5,454
Non-controlling interests	**1,178**	(2,930)
	48,145	2,524
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**1**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**48,146**	2,524
Attributable to:		
Owners of the parent	**46,968**	5,454
Non-controlling interests	**1,178**	(2,930)
	48,146	2,524

1. Revenue and Cost of Sales

During the Reporting Period, the Group's revenue primarily consisted of collaboration income from AZ in respect of granting the relevant license. Cost of sales mainly represented R&D costs incurred under the out-licensing arrangement during the Reporting Period.

2. Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily consisted of interest income and gain on exchange differences. The other income and gains of the Group decreased by RMB50 million to RMB80 million for the six months ended June 30, 2023, from RMB130 million for the six months ended June 30, 2022. The decrease was primarily attributable to the decrease in gain on exchange differences by RMB69 million, netted off increase in interest income by RMB22 million.

3. R&D 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 R&D activities; (ii) staff costs for our R&D employees; (iii) expenses for procuring raw materials and consumables used in the R&D of our drug candidates; and (iv) depreciation and amortization of property, plant and equipment and other intangible assets related to R&D activities. For the six months ended June 30, 2023, the R&D expenses of the Group increased by RMB86 million to RMB250 million, from RMB164 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase of (i) clinical trial and pre-clinical study expenses by RMB37 million; (ii) staff costs by RMB27 million; (iii) raw materials by RMB11 million; and (iv) depreciation and amortization costs by RMB9 million.

4. Administrative Expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of (i) staff costs for our administrative employees; (ii) depreciation and amortization of property, plant and equipment and other intangible assets related to administrative activities; (iii) professional services fees paid to legal counsel, agents, auditor, and other professional service providers; and (iv) travelling expenses. For the six months ended June 30, 2023, the administrative expenses of the Group increased by RMB31 million to RMB82 million, from RMB51 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in staff costs by RMB21 million.

5. Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of interest on other financial liabilities and bank borrowings. For the Reporting Period, the finance costs of the Group increased by RMB8 million to RMB9 million, from RMB1 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in interest on other financial liabilities and bank borrowings by RMB4 million and RMB4 million, respectively.

6. Share of loss of a joint venture

During the Reporting Period, the shared loss from the 50%-owned joint venture, Beijing Tiannuo Pharma Tech Co., Ltd., amounted to RMB2 million. The decrease in loss was primarily attributable to the decreased expenses of clinical studies incurred by the joint venture during the Reporting Period.

7. Income Tax Expense

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

8. Selected Data from Interim Condensed Consolidated Statement of Financial Position

	As at June 30, 2023 ***RMB'000*** **(Unaudited)**	As at December 31, 2022 *RMB'000* (Audited)
Total current assets	**3,146,650**	3,309,974
Total non-current assets	**921,078**	622,342
Total assets	**4,067,728**	3,932,316
Total current liabilities	**228,953**	379,699
Total non-current liabilities	**464,482**	213,399
Total liabilities	**693,435**	593,098
Net assets	**3,374,293**	3,339,218

9. Liquidity and Capital Resources

As at June 30, 2023, our time deposits and cash and bank balances decreased by RMB231 million to RMB2,712 million from RMB2,943 million as at December 31, 2022. The decrease was primarily attributable to cash used in our daily operation, netted off cash received from out-licensing arrangement with AZ.

As at June 30, 2023, the current assets of the Group were RMB3,147 million, including cash and bank balances of RMB1,115 million, time deposits of RMB1,597 million and other current assets of RMB435 million. As at June 30, 2023, the current liabilities of the Group were RMB229 million, including trade payables of RMB34 million, other payables and accruals of RMB165 million, interest-bearing bank borrowings of RMB12 million and other current liabilities of RMB18 million. As at June 30, 2023, the Group had available unutilized bank loan facilities of RMB173 million.

For the six months ended June 30, 2023, our net cash flows from operating activities amounted to RMB40 million, while net cash flows used in operating activities amounted to RMB165 million for the six months ended June 30, 2022. The increase was primarily attributable to the receipt of upfront payment from AZ under the out-licensing arrangement.

For the six months ended June 30, 2023, our net cash flows from investing activities amounted to RMB444 million, while net cash flows used in investing activities amounted to RMB343 million for the six months ended June 30, 2022. The increase was primarily attributable to the decrease in time deposits.

For the six months ended June 30, 2023, our net cash flows used in financing activities amounted to RMB4 million, while net cash flows from financing activities amounted to RMB64 million for the six months ended June 30, 2022. The decrease was primarily attributable to the acquisition of non-controlling interest in a non-wholly owned subsidiary.

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

We recorded these investments as financial assets at FVTPL of RMB267 million as of June 30, 2023. 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, 2023.

10. Indebtedness

As at June 30, 2023, our interest-bearing bank borrowings amounted to RMB283 million (none of which are borrowed at fixed interest rate) and unutilized credit facilities amounted to RMB173 million.

As at June 30, 2023, the lease liabilities increased by RMB17 million to RMB49 million as the result of the increase of right-of-use assets.

As at June 30, 2023, the other financial liabilities decreased by RMB146 million to RMB nil as the result of the acquisition of non-controlling interest in a non-wholly owned subsidiary.

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as of June 30, 2023 was 17%, representing an increase of 2 percentage points from the gearing ratio of 15% as at December 31, 2022.

11. Significant Investments, Material Acquisitions and Disposals

In January 2023, Chengdu Kangnuoxing entered into an asset transfer agreement with Chengdu Bio-Town Construction Co., Ltd.* (成都生物城建設有限公司) for the acquisition of a parcel of land located in Songbai Community No. 1 in Chengdu, consisting of three near-completed buildings situated on the parcel of land, which the Company proposes to use as its new headquarters and a manufacturing plant for its pipeline drug products, at a consideration of RMB253,543,600.

In June 2023, Keymed Bioscience (Chengdu) Co., Ltd.* (康諾亞生物醫藥科技(成都)有限公司), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Chengdu High-tech New Economy Venture Capital Co., Ltd.* (成都高新新經濟創業投資有限公司) and Chengdu Bio-Town Equity Investment Co., Ltd.* (成都生物城股權投資有限公司) for the acquisition of 18.6992% equity interest in Chengdu Kangnuoxing, a non-wholly owned subsidiary of the Company, at a consideration of RMB150,598,904, upon completion of which Chengdu Kangnuoxing became a wholly-owned subsidiary of the Company. This acquisition enabled the Group to take full control of Chengdu Kangnuoxing, which would continue to engage in the development and manufacturing of the Group's drug candidates, and benefit from its future developments.

Save as disclosed above, the Group did not have other material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2023, and the Group also did not hold any significant investments for the six months ended June 30, 2023.

12. Contingent Liabilities

As of June 30, 2023 and up to the date of this announcement, the Group did not have any contingent liabilities.

13. Capital Commitments

As of June 30, 2023, the Group had capital commitments contracted, but not yet provided, of RMB19 million, which were related to the purchase of property, plant and equipment for the manufacture plant.

14. Pledge of Assets

As of June 30, 2023, the Group committed to pledge a total of RMB430 million equipment, buildings and land-use right with a total net carrying values of RMB234 million to secure its bank borrowings.

15. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and the majority of our transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group's borrowing is made in Renminbi, while cash and cash equivalents are primarily held in Renminbi, Hong Kong dollars and US dollars. The Group is exposed to foreign currency risk as a result of certain cash and bank balances, time deposits and financial assets at FVTPL 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, 2023, we had 750 full-time employees in total, including six employees who were 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 announcements dated January 21, 2022 and January 28, 2022). During the Reporting Period, restricted share units underlying 430,535 Shares and nil Shares had been awarded under the 2021 RSU Scheme and 2022 RSU Scheme, respectively.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There is no significant 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, 2023.

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 three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in part 2 of the CG Code during the Reporting Period and up to the date of this announcement.

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 of the Board 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), Dr. Changyu WANG (being a member of the remuneration committee) and Dr. Gang XU attended the Company's annual general meeting on June 27, 2023.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Board has established the Audit Committee which comprises one non-executive Director and two independent non-executive Directors, namely Mr. Qi CHEN, Mr. Cheuk Kin Stephen LAW (chairman) and Prof. Yang KE. 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, 2023 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.

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, 2023:

Business objective as stated in the Prospectus	**Planned applications** *RMB million*	**Balance as at December 31, 2022** *RMB million*	**Actual utilisation during the Reporting Period** *RMB million*	**Balance as at June 30, 2023** *RMB million*	**Expected timeline for unutilized amount**
R&D and commercialization of the Company's core product and key drug candidates	1,705	1,276	165	1,111	By the end of 2025
Preclinical evaluation and clinical development of the Company's other pipeline products	426	242	83	159	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	24	24	–	By the end of June 2023
General corporate and working capital purposes	284	147	35	112	By the end of 2024
Total	2,841	1,689	307	1,382	

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

For the six months ended 30 June 2023

	Notes	**2023** ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Revenue	*4*	**327,124**	100,000
Cost of sales		**(15,017)**	(2,537)
GROSS PROFIT		**312,107**	97,463
Other income and gains	*5*	**79,981**	130,259
Research and development expenses		**(249,757)**	(164,008)
Administrative expenses		**(82,372)**	(51,048)
Other expenses		**(381)**	–
Finance costs	*6*	**(9,336)**	(1,331)
Share of loss of a joint venture		**(2,097)**	(8,811)
PROFIT BEFORE TAX	*7*	**48,145**	2,524
Income tax expense	*8*	**–**	–
PROFIT FOR THE PERIOD		**48,145**	2,524
Attributable to:			
Owners of the parent		**46,967**	5,454
Non-controlling interests		**1,178**	(2,930)
		48,145	2,524
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		**RMB0.18**	RMB2.08 cents
Diluted		**RMB0.18**	RMB2.04 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD		**48,145**	2,524
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**1**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**48,146**	2,524
Attributable to:			
Owners of the parent		**46,968**	5,454
Non-controlling interests		**1,178**	(2,930)
		48,146	2,524

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**777,730**	553,556
Right-of-use assets		**98,912**	30,878
Other intangible assets		**1,303**	1,496
Prepayments, other receivables and other assets		**17,889**	15,841
Equity investments designated at fair value through other comprehensive income ("FVTOCI")		**16,771**	10,001
Investment in a joint venture		**8,473**	10,570
Total non-current assets		**921,078**	622,342
CURRENT ASSETS			
Account receivables	*11*	**5,621**	–
Contract assets		**2,680**	–
Inventories		**80,431**	44,495
Prepayments, other receivables and other assets		**79,168**	90,153
Financial assets at fair value through profit or loss ("FVTPL")		**266,854**	232,188
Time deposits		**1,596,701**	2,339,068
Cash and cash equivalents		**1,115,195**	604,070
Total current assets		**3,146,650**	3,309,974
CURRENT LIABILITIES			
Trade payables	*12*	**34,067**	14,913
Other payables and accruals		**165,101**	146,208
Amounts due to related parties		**–**	225
Other financial liabilities		**–**	146,112
Interest-bearing bank borrowings		**11,758**	61,163
Lease liabilities, current		**18,027**	11,078
Total current liabilities		**228,953**	379,699
NET CURRENT ASSETS		**2,917,697**	2,930,275
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,838,775**	3,552,617

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2023

	Notes	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Deferred income		**162,865**	163,671
Lease liabilities		**30,515**	20,928
Interest-bearing bank borrowings		**271,102**	28,800
Total non-current liabilities		**464,482**	213,399
NET ASSETS		**3,374,293**	3,339,218
EQUITY			
Equity attributable to owners of the parent			
Share capital		**169**	170
Treasury shares		**2**	1
Reserves		**3,374,014**	3,340,117
		3,374,185	3,340,288
Non-controlling interests		**108**	(1,070)
TOTAL EQUITY		**3,374,293**	3,339,218

1. CORPORATE INFORMATION

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

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

The interim condensed financial information comprise the interim condensed consolidated statements of financial position as at 30 June 2023, 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 2022.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised IFRSs for the first time for the current period's financial information.

IFRS 17	Insurance Contracts
Amendments to IFRS 17	Insurance Contracts
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. There is no quantitative impact on the financial information as the deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset by the deferred tax asset arising from other deductible temporary differences in the statement of financial position for presentation purposes.

The adoption of amendments to HKAS 12 did not have any impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

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

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Overseas	**326,450**	–
Mainland China	**674**	100,000
	327,124	100,000

The revenue information above is based on the location of the customers.

(b) Non-current assets

Majority of the Group's non-current assets were located in Mainland China as at 30 June 2023, geographical segment information in accordance with IFRS 8 Operation Segments is presented.

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Hong Kong	**1,097**	141
United States of America	**2,393**	–
Mainland China	**917,588**	622,201
	921,078	622,342

Information about major customers

Revenue of RMB326,450,000 (six months ended 30 June 2022: RMB100,000,000) 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	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of services		
Collaboration revenue	**327,124**	100,000
Timing of revenue recognition		
Services transferred at a point in time	**319,598**	100,000
Services transferred overtime	**7,526**	–

(b) Performance obligations

License-out of CM326

In November 2021, the Group entered into an exclusive licence agreement (the "CSPC Agreement") with Shanghai JMT-Bio Technology Co., Ltd. ("JMT-Bio"), an affiliate of CSPC Pharmaceutical Group Limited, to develop, use, sell, contract and commercialize TSLP antibody ("CM326") for the treatment of moderate and severe asthma, COPD and other respiratory diseases in Mainland China (excluding Hong Kong, Macau or Taiwan). Pursuant to the CSPC Agreement, the Group is entitled to receive upfront payment, milestone payment and royalty payment. In January 2022, JMT-Bio paid the Group a one-time and non-refundable upfront payment of RMB100 million.

The Group recognised collaboration revenue related to CM326 of RMB433,000 during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB100,000,000).

License-out of CMG901

In February 2023, KYM Biosciences Inc. ("KYM"), a 70% non-wholly owned subsidiary of the Group (the remaining 30% ownership is held by affiliates of Lepu Biopharma Co., Ltd. ("Lepu")), entered into a global exclusive out-license agreement (the "AZ Agreement") with AstraZeneca AB ("AZ"), for research, development, registration, manufacturing, and commercialization of Claudin 18.2-targeting antibody drug conjugate ("CM901"). Pursuant to the AZ Agreement and subject to its terms and conditions, KYM was entitled to receive a one-time and non-refundable upfront payment of USD63,000,000 from AZ, USD44,100,000 of which was attributable to the Group and USD18,900,000 to Lepu. KYM was also entitled to receive milestone and royalty payments for the licensing and payments for clinical support. In March 2023, AZ paid KYM the one-time and non-refundable upfront payment of USD63,000,000.

The Group recognised collaboration revenue related to CMG901 of RMB326,450,000 during the six months ended 30 June 2023.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants	**6,585**	13,301
Interest income	**37,558**	15,261
Interest income on financial assets at FVTPL	**4,524**	2,005
Others	**204**	–
Other gains		
Gain on exchange differences, net	**31,110**	99,692
	79,981	130,259

6. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Implicit interest on other financial liabilities	**4,487**	406
Interest expense from borrowings	**3,911**	–
Interest on lease liabilities	**938**	925
	9,336	1,331

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**18,498**	8,731
Depreciation of right-of-use assets	**8,114**	6,021
Amortization of other intangible assets	**193**	150
Lease payments not included in the measurement of lease liabilities	**289**	449
Government grants	**(6,585)**	(13,301)
Auditor's remuneration	**640**	650
Interest income	**(37,558)**	(15,261)
Finance costs	**9,336**	1,331
Foreign exchange gains, net	**(31,110)**	(99,692)
Fair value gains on financial assets at FVTPL	**(4,524)**	(2,005)
Employee benefit expenses (excluding directors' and chief executive's remuneration)		
– Wages and salaries	**84,552**	46,186
– Pension scheme contributions	**21,645**	10,151
– Staff welfare expenses	**17,700**	7,185
– Share-based payment expenses	**15,683**	23,196
	139,580	86,718

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 subsidiaries incorporated in Delaware, the USA, are subject to the statutory federal corporate income tax at a rate of 21%, during the reporting period.

Mainland China

Most 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. Chengdu Kanungo Xing Biosciences Co. Ltd. ("Chengdu KNX"), a subsidiary of the Group, is subject to the statutory rate of 15% as it obtained the Certificate of High-tech Enterprise in 2022.

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.

9. DIVIDENDS

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the earnings for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares reserved under the restricted share units scheme) during each reporting period.

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the period attributable to ordinary equity holders of the parent	**46,967**	5,454
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**261,285,620**	261,689,314
Effect of dilution		
– Restricted share units	**4,236,241**	5,655,662
Number of shares		
Weighted average number of ordinary shares outstanding for the computation of diluted earnings per share	**265,521,861**	267,344,976

11. ACCOUNT RECEIVABLES

An ageing analysis of the account receivables as at the end of the reporting period, based on the the invoice date and net loss allowance, is as follows:

	30 June 2023 ***RMB'000*** **(Unaudited)**
Within 1 months	**5,132**
Over 3 months	**489**
	5,621

12. TRADE PAYABLES

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

	30 June 2023 ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 3 months	**31,014**	4,995
3 to 6 months	**1,288**	4,358
6 months to 1 year	**1,113**	5,495
Over 1 year	**652**	65
	34,067	14,913

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

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
"AZ" or "AstraZeneca"	AstraZeneca AB, a global pharmaceutical company, which to the best knowledge and belief of the Company, is an Independent Third Party
"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
"Chengdu Kangnuoxing"	Chengdu Kangnuoxing Biopharma, Inc.* (成都康諾行生物醫藥科技有限公司), a subsidiary of the Company
"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"	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 the Board, an executive Director and the chief executive officer of our Company
"FDA"	the Food and Drug Administration of the United States
"FTD" or "Fast Track Designation"	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$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"Independent Third Party" or " Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules

"InnoCare"	Beijing InnoCare Pharma Tech Co., Ltd. (北京諾誠健華醫藥科技有限公司), a limited liability company incorporated under the laws of PRC on December 13, 2013, a subsidiary of InnoCare Pharma Limited (HKSE: 9969), and an Independent Third Party
"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
"KYM"	KYM Biosciences Inc., a 70% non-wholly owned subsidiary of the Company
"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" 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, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "USD" or "US$"	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 24, 2023

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 and Mr. Cheuk Kin Stephen LAW as independent non-executive Directors.