This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Zhaoke Ophthalmology Limited
兆科眼科有限公司

(Incorporated in the British Virgin Islands with limited liability and continued in the Cayman Islands)

(Stock Code: 6622)

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

The Board and the Directors of the Company are pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2021, together with the comparative figures for the corresponding period in 2020 as follows. These interim results have been reviewed by the Audit Committee and the Company's auditors, KPMG.

In this announcement, "Zhaoke Ophthalmology", "we", "us" and "our" refer to the Company or where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gain, net	**7,345**	1,452
Research and development expenses	**(123,435)**	(38,087)
General and administrative expenses	**(100,612)**	(5,470)
Selling and distribution expenses	**(6,566)**	–
Finance costs	**(1,764,390)**	(24,446)
Loss for the period	**(1,987,658)**	(66,551)
Total comprehensive income for the period	**(1,985,332)**	(66,658)
Non-HKFRS adjusted loss for the period[(1)]	**(123,294)**	(42,855)

Note:

(1) NON-HKFRS MEASURES

Non-HKFRS adjusted net loss for the period is defined as loss and total comprehensive income for the period adjusted by adding back non-cash adjustments and one-time events of (i) changes in the carrying amount of preferred shares liability in relation to the redemption amount and conversion features for our Series A Preferred Shares and Series B Preferred Shares, (ii) Listing expenses and (iii) equity-settled share-based payment expenses. The following table reconciles our Non-HKFRS adjusted net loss for the period with our loss.

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(1,987,658)**	(66,551)
Add:		
Changes in the carrying amount of preferred shares liability	**1,763,499**	23,696
Listing expenses	**28,112**	–
Equity-settled share-based payment expenses	**72,753**	–
Non-HKFRS adjusted loss for the period	**(123,294)**	(42,855)

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Our Company is a leading ophthalmic pharmaceutical company dedicated to the research, development, manufacturing and commercialization of therapies that address significant unmet medical needs in China. We are well-positioned to capture the opportunity of the rapidly growing Chinese ophthalmology market, which is projected to grow at a compound annual growth rate of over 20% in the next decade according to CIC.

Our vision is to be continuously patient and physician centric, harnessing our scientific rigor and the large innovative and generic drug portfolio we have built to address the major eye diseases affecting both the front and back of the eye. We are dedicated to transforming visual health in China, eliminating as far as possible all preventable eye diseases and bringing hope to patients suffering with life-altering conditions.

Our Company is strategically focused on treatments that cover a wide range of ophthalmic diseases, with one of the largest and most comprehensive drug portfolio of 25 innovative and generic treatments covering the five major eye diseases across both the front and back of the eye. We have several potential blockbuster innovative drug candidates in the pipeline, which are expected to contribute significantly to our future development. In addition, we are expecting to commercialize several drugs from as early as 2022, leading to near-term revenue.

BUSINESS OVERVIEW

The following chart summarizes our product portfolio, including the status of each of our drug candidates as of the date of this announcement.

Our Pipeline of Innovative Drugs

Drug Candidate	Source	Commercial Rights	Expected NDA Submission	Preclinical	IND	Phase I	Phase II	Phase III
Cyclosporine A (CsA) Ophthalmic Gel	ZHAOKE OPHTHALMOLOGY	Global	Q4 2021	China[1]				
NTC010 (levofloxacin dexamethasone combination)	ntc	China	NA[2]	China[2] ** Certain Countries of the EU: Commercialized (NTC and Santen)				
NVK-002 (Atropine)	Vyluma	Greater China, South Korea and ASEAN[14]	2023	China[3] US: Phase III trial ongoing (Vyluma, previously known as Nevakar)				
NTC014 (levofloxacin and ketorolac trometamol combination)	ntc	Greater China, South Korea and ASEAN[16]	2023	China[4] ** EU: Preclinical (NTC)				
ZKY001 (Functional fragment of Thymosin β4)	ZHAOKE OPHTHALMOLOGY	Greater China excluding Macau	2024	China[5]				
TAB014 (Bevacizumab)	东曜药业	China	2024	China[6]				
Resolv ER (Liposome - loaded urea)	KATO Pharmaceuticals	Greater China and ASEAN[14]	2024	China[7] * US: Phase Ib trial ongoing (Kato)				
IC-270 (Syk inhibitor and antihistamine)	IACTA PHARMA	Greater China and ASEAN[14]	2024	China[8] ** US: Preclinical (IACTA)				
RGN-259 (Thymosin β4)	REGENERX	Greater China	2025	China[9] ** US: Phase III trial ongoing (RegeneRx)				
IC-265 (Syk inhibitor)	IACTA PHARMA	Greater China and ASEAN[14]	2025	China[10] * US: Phase II trial completed in allergic conjunctivitis (IACTA)				
PAN-90806 (VEGFR2 inhibitor)	PANOPTICA	Greater China, South Korea and ASEAN[15]	>2025	China[11] * US: Phase I/II trial completed (PanOptica)				
CsA/Rebamipide Ophthalmic Gel	ZHAOKE OPHTHALMOLOGY	Global	>2025	China[12]				
ZK002	ZHAOKE OPHTHALMOLOGY	Global	>2025	China[13]				

Our Progress Expected Next Step Progress of Our Licensing Partner

* May not require a Phase I clinical trial prior to initiating a Phase II clinical trial.

** May not require a Phase I and/or Phase II clinical trials prior to initiating a Phase III clinical trial.

(1) Expect to have results of Phase III clinical trials results by the end of Q3 2021

(2) Application for waiver for Phase III clinical trial was submitted in Q3 2021. If the trial waiver is granted, an NDA is expected to be submitted

(3) Expect to initiate Phase III clinical trial in Q4 2021

(4) Expect to submit IND for Phase II clinical trial in Q3 2021 and obtain approval in Q4 2021

(5) Expect to complete the enrollment of patients of Phase II clinical trial in Q4 2021, Phase II clinical trial for additional indications are expected in H2 2021 and H1 2022

(6) Expect to initiate Phase III clinical trial in Q3 2021

(7) Expect to submit IND for Phase II clinical trial in Q4 2021

(8) Expect to initiate Phase III clinical trial in 2023

(9) Expect to submit IND in H2 2022 and initiate Phase III clinical trial in 2023

(10) Expect to submit IND for DED in Q4 2021 and for uveitis in Q2 2022 and to initiate Phase II clinical trial for DED in H1 2022

(11) Expect to initiate Phase II bridging study in 2023 and to initiate Phase III pivotal trial in wAMD in China in 2025

(12) Expect to submit IND in H1 2022 and to initiate Phase I clinical trial in H2 2022

(13) Expect to submit IND for pterygium in H2 2022 and for DME in 2023, respectively

(14) Including Brunei, Burma, Cambodia, Timor-Leste, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam

(15) Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar (Burma), the Philippines, Singapore, Thailand and Vietnam

(16) Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam and Sri Lanka

Our Pipeline of Generic Drugs

Drug Candidate	Indication	Reference Drug	MOA	ANDA Preparation	ANDA Submission
Bimatoprost	Glaucoma	Lumigan	PGA monotherapy	Submitted ANDA in August 2019; approval expected in 2022	
Bimatoprost Timolol	Glaucoma	Ganfort	PGA and β blocking agent combotherapy	Submitted ANDA in October 2020; approval expected in H1 2022	
Latanoprost	Glaucoma	Xalatan	PGA monotherapy	To submit ANDA to in H1 2022; approval expected in 2023	
Latanoprost Timolol	Glaucoma	Xalacom	PGA and β blocking agent combotherapy	To submit ANDA in H1 2022; approval expected in 2024	
Travoprost	Glaucoma	Travatan	PGA monotherapy	To submit ANDA in H1 2022; approval expected in 2023	
Travoprost Timolol	Glaucoma	DuoTrav	PGA and β blocking agent combotherapy	To submit ANDA in H2 2022; approval expected in 2024	
Levobetaxolol HCl	Glaucoma	Betaxon	Monotherapy β blocker	To submit ANDA in H1 2022; approval expected in 2023	
Epinastine HCl	Allergic conjunctivitis	Elestat	Dual-acting antihistamine and mast cell stabilizers	Submitted ANDA in June 2020; approval expected in 2022	
Natamycin	Fungal eye infections	Natacyn	Antifungal	To submit ANDA in 2022; approval expected in 2024	
Proparacaine HCl	Surface anesthesia	Alcaine	Block nerve conduction in the corneal tissue	To submit ANDA in H2 2022; approval expected in 2023	
Povidone Iodine	Periocular and ocular surface disinfection	Betadine	Microbicidal/Antimicrobial action by iodine	To submit ANDA in H2 2022; approval expected in 2024	
Fluorescein Sodium	Diagnostic for certain eye injuries	Minims fluorescein sodium	Fluorescent dye	To submit ANDA in 2023	

Note: HCl = hydrochloride

Pipeline

Strategy

Our portfolio is well balanced with 13 innovative drugs and 12 generic drugs in our pipeline.

In designing our pipeline, we have initially placed strategic emphasis on five major ophthalmic indications in China in terms of market potential, including DED, wAMD, DME, myopia and glaucoma. We have strategically selected multiple drug candidates for some of these areas, as we believe it the best way to address multiple and complicated underlying causes of these diseases.

We also focus on developing drugs that have potential for multiple indications. This strategy is an efficient way to build value as it allows us to accelerate clinical studies and facilitate the drug approval process.

Innovative drugs

Our Company has several key potential blockbuster innovative drugs in the pipeline for the next few years.

CsA Ophthalmic Gel for DED (self-developed)

Overview

CsA ophthalmic gel is an innovative drug being developed by our Company in China for the treatment of DED. It is a single daily dose hydrogel which eliminates daytime administration and the associated discomfort and inconvenience, and aims to dramatically improve patient usage and quality of life. It is a proprietary hydrogel with patent approval in China and internationally. This novel formulation enhances the pharmacokinetic profiles of CsA on the ocular surface allowing similar efficacy to that of the Cyclosporine A products currently available for DED. However, unlike the current treatment, CsA ophthalmic gel's unique formulation stays on the eye for longer, requiring only once-a-day dosing compared with traditional twice-a-day dosing.

Updates during the Reporting Period

Patient enrollment for the Phase III clinical trial was completed in April 2021. On July 12, 2021, our Company announced that we completed the drug treatment for the last patient enrolled for the Phase III clinical trial of CsA ophthalmic gel.

We have also announced that based on our initial assessment of the data, the pivotal Phase III clinical trial has met its primary end point, showing a statistically significant and clinically meaningful improvements in inferior fluorescein corneal staining score ("**ICSS**") comparing to the patient group receiving placebo treatment. This is in addition to the positive results from our previous Phase II clinical trial, which showed our proprietary formulation to be equally safe and efficacious at half of the usage frequency required by the current generation of CsA products.

Previously our Company conducted the Phase II clinical trial comparing its CsA ophthamic gel head to head with Restasis. The experiment groups with CsA ophthalmic gel showed a consistent improvement over baseline in eye dryness score and the six other parameters of symptoms for dryness, corneal fluorescein staining, breakup time and Schirmer test scores, compared with Restasis, over the 12-week treatment period.

Our Company continues to target the submission of an NDA to the NMPA around the end of 2021 with an aim to commercialize the new treatment as early as 2023.

NVK-002 (Atropine) for Myopia (partnered with Nevakar)

Overview

Low concentration atropine is the only medication to date that is consistently effective in myopia progression control amongst children and adolescents. According to CIC, NVK-002 is one of the world's most advanced atropine drug candidates to control or slow myopia progress. The product has a proprietary formulation that successfully addresses the instability of low-concentration atropine and is preservative-free with an expected shelf life of over 24 months. The clinical development of NVK-002 involves two different concentrations of preservative-free atropine (0.01% and 0.02%) to determine the efficacy, safety and tolerability in children and adolescents with myopia, offering a choice for doctors and patients.

Our Company's licensing partner for NVK-002 is Vyluma Inc., a wholly owned subsidiary of U.S.-based Nevakar. Vyluma Inc. is currently conducting the Phase III clinical trial for NVK-002 in the United States and Europe. The three-year trial results are expected to be available by the end of 2022, followed by an NDA submission to the FDA in 2023.

The IND submission of NVK-002 for initiating a Phase III clinical trial in China has been accepted for review by the CDE on July 14, 2021. Upon receiving the IND approval from the CDE, our Company will initiate a Phase III bridging clinical trial in China. In addition, if NVK-002 is approved by the FDA, it will be eligible for a real-world study in Hainan Province, mainland China. We plan to combine global data from Vyluma Inc.'s Phase III clinical trial in the United States and Europe with the results of ours in China to support an NDA to the NMPA. The treatment will be potentially commercialized in the mainland Chinese market in 2024, making our Company an early mover in this area in China.

TAB014 (Bevacizumab) for wAMD (partnered with TOT BIOPHARM)

Overview

TAB014 is the first clinical-stage bevacizumab-based antibody indicated for wAMD in China. Bevacizumab is a clinically validated anti-VEGF drug. Globally, bevacizumab is approved for oncology treatment through intravenous infusion. However, there has been increasing off-label use of bevacizumab via intravitreal injection for treatment of wAMD. Our Company has obtained an exclusive license from TOT BIOPHARM to commercialize TAB014 for neovascularization-related eye diseases in China.

Phase III clinical trials are expected to commence in the third quarter of 2021. The reason for the delay is mainly due to the impact of the COVID-19 outbreak in Guangdong Province in the second quarter of 2021 which slowed our trial progress.

PAN-90806 (VEGFR2 inhibitor) for wAMD and DME (partnered with PanOptica)

Overview

PAN-90806 is an innovative drug indicated in the treatment of wAMD, as well as DME, the leading cause of blindness in diabetic patients worldwide.

PAN-90806 is a novel eye drop formulation, decreasing the number of injections required. If approved, PAN-90806 will bring significant convenience and a less invasive treatment alternative for patients as a maintenance therapy. This will reduce the frequency of intravitreal injections and other associated treatment issues with mainstream anti-VEGF therapies while at the same time maintaining visual stability. PAN-90806 is expected to significantly reduce treatment discontinuation, and therefore slow underlying disease progression through improved patient comfort, acceptance, convenience and compliance.

Our Company is currently focused on optimizing the formulation of PAN-90806. Subject to regulatory approvals, we plan to commence a Phase II bridging study in China in 2023, leveraging PanOptica's trial results for wAMD, and to commence a Phase III pivotal trial in wAMD in 2025.

ZKY001

Overview

ZKY001 is based on a peptide composed of seven amino acids, LQ-7, which is the functional fragment of Thymosin β4 that binds with actin, a type of protein that plays a central role in cell structure and movement. Our Company is currently focusing on developing a novel eye drop formulation targeting corneal epithelial defect ("**CED**").

ZKY001 has broad application in corneal wound healing and can potentially be used in multiple corneal repair indications. In addition to the ongoing Phase II clinical study for CED, our Company is currently exploring three additional indications for ZKY001, including transepithelial photorefractive keratectomy, which is myopia surgery, pterygium, which is a growth in the cornea or in the conjunctiva and neurotrophic keratitis ("**NK**"), which is a rare degenerative corneal disease.

Updates during the Reporting Period

The Phase II clinical study for CED is currently ongoing, with patient enrollment having started in 2020. As of July 23, 2021, 51 subjects were enrolled and we expect to complete a Phase II clinical study by the end of this year. We are also conducting a local pharmacokinetics ("**PK**") study using tears samples, with results expected by the end of 2021.

Our Company also received approval for the use of ZKY001 in the treatment of NK from the Ethics Committee of Xiamen Eye Centre of Xiamen University on June 25, 2021, with an expectation to treat the first patient by the end of 2021.

NTC010

Overview

NTC010 is a fixed dose combination of antibiotics and steroids to prevent infection and inflammation for patients undergoing cataract surgery. The drug belongs to a new generation of antibiotics, which increases efficiency and covers a wider range of bacteria. The drug also shortens the duration of the treatment by half, from 14 to seven days, making it beneficial to patients' overall health and helping to prevent antibiotic overuse. The drug has already been approved in seven countries in Europe.

Updates during the Reporting Period

NTC010 was approved by the Hainan Provincial Medical Products Administration on July 27, 2021, as an urgently needed drug for use by patients in Hainan Province under The System Integration Innovation Reform Plan of Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port. The Boao Super Hospital in Hainan Province will handle the approval of NTC010 for use in patients. The first patient to receive NTC010 has been identified and the treatment is expected to commence in August 2021 for a clinical study of NTC010 in Hainan.

Generic drugs

Our Company has several key generic drugs in the pipeline.

Bimatoprost

Overview

Bimatoprost is a generic drug used in the treatment of glaucoma. Our Company submitted an ANDA to the NMPA in August 2019. According to CIC, this will potentially be the first preservative free generic drug commercialized in China, which will help improve patients' comfort during treatment and lower the risk of patient allergies.

We expect to receive approval from the NMPA to launch the commercialization of Bimatoprost in 2022. Bimatoprost is expected to be the first drug to be commercialized by our Company.

Bimatoprost Timolol

Overview

According to CIC, Bimatoprost Timolol is a potential first-to-market generic bimatoprost timolol in China targeting glaucoma. This drug is used for more advanced stages of the disease, with increased pressure in the eye. Our Company submitted an ANDA to the NMPA in October 2020.

Updates during the Reporting Period

Our Company has passed the on-site GMP inspection for the manufacturing facility of Bimatoprost Timolol in May 2021, which ensures that this product will be consistently produced and controlled according to stringent quality standards. This also marks an important step in the overall ANDA review process.

Levobetaxolol HCl

Overview

Levobetaxolol HCl is a generic eye drop used in the treatment of glaucoma to lower pressure in the eye.

Updates during the Reporting Period

A total of 366 patients participated in a multi-center Phase III clinical trial with the last patient out on July 1, 2021. The top line data read out is expected to be available by the third quarter of 2021. We plan to submit an ANDA to the NMPA in the first half of 2022.

Epinastine

Overview

Epinastine is a generic drug targeting allergic conjunctivitis with antihistamine and mast cell stabilization properties. It is the first-line therapy for allergic conjunctivitis in China, especially for acute patients and is therefore expected to be commercialized at a lower price than the currently available treatment, giving it a potential significant market advantage. Our Company submitted an ANDA to the NMPA in June 2020 and we expect to receive approval in 2022.

Updates during the Reporting Period

Our Company has passed the on-site GMP inspection for the manufacturing facility for Epinastine in May 2021, which ensures that this product will be consistently produced and controlled according to stringent quality standards. This also marks an important step in the overall ANDA review process.

WARNING UNDER RULE 18A.08(3) OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR DRUG CANDIDATES SUCCESSFULLY.

Manufacturing and Commercialization

Our Company has established its own manufacturing facility in Nansha New District, Guangzhou, which empowers us with full manufacturing capability, from production, dosing, filing, packaging and quality assurance. The facility occupies approximately 7,600 sq.m. and has state-of-the-art equipment and machinery from leading global suppliers. It is designed in accordance with the highest international standards, and requirements of major global regulators including the FDA, the NMPA and the EMA.

Our manufacturing facility will be ready for commercial-scale production by the end of the year. We currently have five manufacturing lines, with the ability to expand capability. In anticipation of the commercialization of our drug candidates, we have increased investment in our manufacturing facility to augment its capacity and reach commercial scale. The production capacity for single dose drugs has already increased ten times.

For the Chinese ophthalmology market, our Company has adopted a tailored and targeted strategy for drug commercialization. We recognize the rapidly shifting dynamics of the industry and believe that the traditional way of selling drugs must be complemented by China's increasing dependence on digital, social and e-commerce channels. Hence we are placing equal importance on three major sales and marketing channels:

- Private eye hospitals and institutions
- Public hospitals
- E-commerce platforms

We have assembled a strong team of sales and marketing professionals with decades of experience to lead our commercialization strategy. As of the end of the Reporting Period, we have our leadership structure firmly in place across sales, marketing, medical sales and regulatory access areas. Our aim is to expand our commercialization team to 200–300 members in the next five years.

Research and Development

We believe that research and development is key to driving our competitive strategy as an ophthalmic pharmaceutical company. We are dedicated to enhancing and expanding our drug pipeline by leveraging our research and development capabilities.

Our Company has a research and development team with a time-tested, proven track record and a full suite of capabilities covering discovery, pre-clinical research and execution of clinical trials. Our research and development activities are led by an international management team with decades of industry experience at global biotechnology and pharmaceutical companies.

Dr. Li Xiaoyi, our Chairman and CEO, Dr. Lau Lit Fui, our President and Chief Operating Officer and Dr. Li Lok Yee Mandy, our Senior Vice President of research and development, oversee our research and development activities. We also benefit from the expertise of and guidance from our consultants Dr. Samir Patel, Dr. Parag Majmudar and Dr. Alvin Kwok.

In the second half of 2021, we expect to grow our research and development team to about 80 professionals.

For the six months ended June 30, 2021, our research and development expenses reached approximately RMB123.4 million, an increase of approximately 223.9% from approximately RMB38.1 million for the six months ended June 30, 2020.

During the Reporting Period, although the COVID-19 outbreak has caused some delays in our ongoing clinical trials (especially given the outbreak that happened in the southern areas of Guangdong Province in May 2021), we have tried to minimize the impact of COVID-19 and committed to working alongside our suppliers and business partners in China and the global healthcare community to ensure our research and development and manufacturing engine continued to operate. We maintained close communication with our suppliers and global business partners through various ways to ensure our close collaboration continued and we could all advance our research and development progress.

Partnerships

Our Company has established licensing partnerships with seven companies in the PRC, United States and Europe, not only to bring best-in-class drugs to the Chinese ophthalmology market, but also to build our Company's visibility in the global market.

During the Reporting Period, we entered into a license and supply agreement with NTC in the first quarter of 2021, and obtained an exclusive license and distribution right to sell NTC010, an innovative eye drop for preventing and treating cataract surgery-related inflammation and infection already approved in certain European Union countries, in China. NTC is a pharmaceutical company headquartered in Milan, Italy, which engages in the research, development, registration and commercialization of drugs, medical devices and food supplements in ophthalmology and other therapeutic areas.

During the Reporting Period, our Company also developed a partnership with the Singapore Eye Research Institute ("**SERI**"). We look forward to this collaboration and to building our reputation in the ASEAN market alongside SERI.

Our Company will continue to explore partnership and collaboration opportunities with world leading domestic and overseas pharmaceutical firms and research institutions.

Environment, Social and Governance ("ESG")

Our Company is committed to the development of a sustainable healthcare industry in mainland China. We rigorously monitor the environmental and social impact of our operations and are implementing measures to improve the sustainability of our business.

During the Reporting Period, we clearly defined the ESG responsibilities of the Board and the senior management, and have established a sustainability steering committee ("**SSC**") to assist the Board in its management and supervision of the progress and results of relevant initiatives. Our Company has also established policies on the environment, employment system, occupational health and safety, training and development, supply chain management, product responsibility, anti-corruption and community investment.

Our Company is committed to transparency and compliance and disclose our ESG performance every year in our ESG report. In July 2021, we published our first ESG report to enhance our stakeholders' understanding of our current strategy regarding our socially responsible practices.

Future and Outlook

As we look forward, we remain committed to our ambitious growth strategy. This includes advancing various assets through pre-clinical and clinical stages, strengthening fundamental capabilities across research and development, clinical, commercial and digital infrastructure. On the business development front, we plan to pursue favourable and value creating opportunities in connection to partnering with domestic and international pharmaceutical companies.

Three of our generic drugs, Bimatoprost, Bimatoprost Timolol and Epinastine, are currently under ADNA review with the NMPA and are expected to be commercialized in 2022. Our CsA ophthalmic gel is expected to be our first commercialized innovative drug to be available as early as in 2023. In addition, depending on the outcome of ongoing communications with the CDE, NTC010 may also be commercialized by the end of 2023. In terms of near-term clinical development milestones, we expect to recruit the first patient for the Phase III clinical trial for TAB014 in the third quarter of 2021 and receive the IND approval to proceed with our Phase III bridging study for NVK-002 in the fourth quarter of 2021.

Expanding our sales and marketing organization and strengthening our commercial capabilities are critical focus areas for our development. We will continuously strive for innovation in our sales and marketing approach and seek to strengthen our relationships with our most important stakeholders in creative and new ways and as efficiently as possible. Hence we are making a critical investment in digital technology whilst continuing to lead and participate in various ophthalmology conferences to extend our brand awareness.

We will also continue to increase our investment in our manufacturing facility to augment its capacity and to reach commercial scale. We currently have five manufacturing lines, with the ability to expand their capacity. These have been built in strict compliance with Chinese and international GMP standards.

Whilst we have already established one of the most comprehensive asset pipelines amongst Chinese ophthalmology companies with coverage of five major eye disease areas, we continue to analyze other attractive eye disease areas with significant unmet needs and explore in-house and/or in-license development to target such opportunities.

We strongly believe that we are well-positioned to capture the rapidly growing Chinese ophthalmology sector and continue our journey to establish ourselves an ophthalmology leader in China.

FINANCIAL REVIEW

Six months ended June 30, 2021 compared to six months ended June 30, 2020

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income	**7,410**	1,909
Other net loss	**(65)**	(457)
Research and development expenses	**(123,435)**	(38,087)
General and administrative expenses	**(100,612)**	(5,470)
Selling and distribution expenses	**(6,566)**	–
Finance costs	**(1,764,390)**	(24,446)
Loss for the period	**(1,987,658)**	(66,551)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities with functional currencies other than RMB	**2,326**	(107)
Total comprehensive income for the period	**(1,985,332)**	(66,658)
Non-HKFRS Measures		
Adjusted loss for the period	**(123,294)**	(42,855)

1. Overview

For the six months ended June 30, 2021, we recorded total loss of approximately RMB1,987.7 million, as compared with approximately RMB66.6 million for the six months ended June 30, 2020, mainly due to the changes in the carrying amount of preferred shares liability in relation to the redemption amount and conversion features for the Series A Preferred Shares and Series B Preferred Shares, before they were converted into ordinary Shares on the Listing Date.

Our research and development expenses for the six months ended June 30, 2021 were approximately RMB123.4 million, representing an increase of approximately 223.9% from approximately RMB38.1 million for the six months ended June 30, 2020, primarily due to the increased expenses incurred for clinical trials and research and development activities for our key products.

2. Other Income

The Group's other income primarily consists of bank interest income and government grants, which represent one-off subsidies we have received from government authorities for our research and development activities.

For the six months ended June 30, 2021, the Group's other income increased to approximately RMB7.4 million, compared to approximately RMB1.9 million for the six months ended June 30, 2020. The increase was primarily attributable to the increase in subsidies of approximately RMB5.5 million that we have received from local government for our research and development activities, and the interest accrued on the net proceeds from the Global Offering and fund raised from the Series B Financing completed in November 2020.

3. Other Net Loss

For the six months ended June 30, 2021, we recorded approximately RMB65,000 of other net loss, compared to approximately RMB457,000 of other net loss for the six months ended June 30, 2020. Such net loss primarily consists of net foreign exchange gain or loss in connection with fund transfers among bank accounts in difference currencies and bank balances that are denominated in U.S. dollars.

4. Research and Development Expenses

The Group's research and development expenses primarily consisted of: (i) clinical trial professional service fees, primarily including payments to contract research organizations, hospitals and other medical institutions and testing fees incurred for preclinical studies and clinical trials; (ii) depreciation and amortization in relation to our research and development equipment and facilities; (iii) staff costs, including salaries, bonus and welfare payments for research and development personnel; (iv) costs of raw materials and consumables used for research and development of our drug candidates; (v) equity-settled share-based payment for research and development personnel; and (vi) utilities.

For the six months ended June 30, 2021, our research and development expenses increased by approximately RMB85.3 million, or 223.9%, to approximately RMB123.4 million from approximately RMB38.1 million for the six months ended June 30, 2020. The increase was mainly due to (i) the continuous advancement of our clinical trials and increased investments in the ongoing research and development projects (i.e. Phase III clinical trial for CsA ophthalmic gel); and (ii) increase in headcount of research and development personnel.

The following table sets forth the components of the Group's research and development expenses for the periods indicated:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Clinical trial professional service fee	**78,072**	14,711
Equity-settled share-based payment	**13,429**	–
Staff costs	**11,434**	5,777
Depreciation and amortization	**11,138**	9,386
Cost of raw materials and consumables used	**2,600**	4,491
Utilities	**1,641**	1,037
Other	**5,121**	2,685
Total	**123,435**	38,087

5. General and Administrative Expenses

Our general and administrative expenses consist of staff costs, Listing expenses, professional service fees for legal, consulting and auditing services, general operating expenses, depreciation in relation to our office equipment and equity-settled share-based payment for those other than research and development personnel and commercial team.

For the six months ended June 30, 2021, our general and administrative expenses were approximately RMB100.6 million, representing an increase of approximately RMB95.1 million from approximately RMB5.5 million for the six months ended June 30, 2020, which is primarily attributable to (i) the Listing fee incurred in connection with the IPO; and (ii) the increase in equity-settled share-based payment and staff costs as well as the increase in the number of administrative personnel and senior management to support our business growth.

6. Selling and Distribution Expenses

Our selling and marketing expenses mainly consist of salary and benefits expenses for our commercial team. Our selling and distribution expenses increased from nil for the six months ended June 30, 2020 to approximately RMB6.6 million for the six months ended June 30, 2021, primarily attributable to (i) an increase in headcount of our commercial team; (ii) an increase in marketing-related expenses; and (iii) an increase in equity-settled share-based payment for our commercial team.

7. Finance Cost

Our finance costs increased significantly from approximately RMB24.4 million for the six months ended June 30, 2020 to approximately RMB1,764.4 million for the six months ended June 30, 2021, which was primarily attributable to changes in the carrying amount of financial liabilities recognized in relation to the redemption amount and conversion features for the Series A Preferred Shares and Series B Preferred Shares.

8. Loss for the Period

As a result of the above factors, for the six months ended June 30, 2021, we recorded a loss of approximately RMB1,987.7 million, as compared to a loss of approximately RMB66.6 million for the six months ended June 30, 2020.

9. Non-HKFRS Measure

To supplement the Group's interim consolidated financial statements, which are presented in accordance with the HKFRS, the Company also uses adjusted total loss for the period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the HKFRS. The Company believes that these adjusted measures provide useful information to its shareholders and potential investors in understanding and evaluating the Group's interim consolidated results of operations in the same manner as they help the Company's management.

Adjusted total loss for the period represents the total loss for the period excluding the effect of equity-settled share-based payment expenses, Listing expense and certain non-cash items and one-time events, namely changes in the carrying amount of preferred shares liability. The term adjusted total loss for the period is not defined under the HKFRS. However, the Company believes that this and other non-HKFRS measures are reflections of the Group's normal operating results by eliminating the potential impact of items that the management do not consider to be indicative of the Group's operating performance. The adjusted total loss for the period, as the management of the Group believes, is adopted in the industry where the Group is operating. However, the presentation of the adjusted total loss for the period is not intended to be (and should not be) considered in isolation or as a substitute for the financial information prepared and presented in accordance with the HKFRS. Shareholders and potential investors of the Company should not view the non-HKFRS measures (i.e. the adjusted total comprehensive loss for the period) on a stand-alone basis or as a substitute for results under the HKFRS, or as being comparable to results reported or forecasted by other companies.

The table below sets forth a reconciliation of the total comprehensive loss for the period to adjusted total comprehensive loss for the period during the periods indicated:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(1,987,658)**	(66,551)
Add:		
Changes in the carrying amount of preferred shares liability	**1,763,499**	23,696
Listing expenses	**28,112**	–
Equity-settled share-based payment expenses	**72,753**	–
Non-HKFRS adjusted loss for the period	**(123,294)**	(42,855)

Selected Data from Interim Consolidated Statement of Financial Position

	As at June 30, 2021	As at December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Total current assets	**2,439,696**	913,623
Total non-current assets	**374,224**	312,963
Total assets	**2,813,920**	1,226,586
Total current liabilities	**135,113**	53,666
Total non-current liabilities	**24,856**	1,918,888
Total liabilities	**159,969**	1,972,554
Net current assets	**2,304,583**	859,957

10. Liquidity and Source of Funding and Borrowing

Our primary uses of cash are to fund our clinical trials, manufacturing, purchase of equipment and raw materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through net proceeds from the Global Offering and pre-IPO investments. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

As at June 30, 2021, the current assets of the Group were approximately RMB2,439.7 million, including cash and cash equivalents of approximately RMB2,206.6 million, time deposits with an original maturity over three months of approximately RMB170.1 million, pledged bank deposits of approximately RMB37.9 million and other current assets of approximately RMB25.1 million. As at June 30, 2021, the current liabilities of the Group were approximately RMB135.1 million, including other payables and accruals of approximately RMB73.1 million, amounts due to related companies of approximately RMB47.1 million, bank borrowings of approximately RMB10.0 million and other current liabilities of approximately RMB4.9 million.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimize the cost of funds, the Group's treasury is centralized. Cash is generally placed in deposits mostly denominated in U.S. Dollars, Hong Kong dollars and RMB. The Group's liquidity and financing requirements are reviewed regularly.

11. Pledge Bank Balance

Our pledged bank balance was approximately RMB37.9 million as of June 30, 2021, representing bank balances we pledged with a bank required for the issue of a letter of credit for importing certain machines and equipment.

12. Key Financial Ratios

The following table sets forth the components of our key financial ratio for the dates indicated:

	As at June 30, 2021	As at December 31, 2020
Current ratio	**18.1**	17.0

Note:

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

13. Contingent Liabilities

As at June 30, 2021, the Group did not have any significant contingent liabilities.

14. Capital Commitment

The capital commitment of the Group as at June 30, 2021 was approximately RMB164.0 million, representing an increase of approximately RMB9.6 million as compared with that of approximately RMB154.4 million as at December 31, 2020, primarily attributable to progress made in the construction of manufacturing facilities and research and development activities.

15. Employees and Remuneration

As at June 30, 2021, the Group had a total of 179 employees. The following table sets forth the total number of employees by function as of June 30, 2021:

Function	*Number of employees*	*% of the total*
Management	6	3.4
Research and development	63	35.2
Manufacturing	45	25.1
Quality control	34	19.0
Sales and marketing	11	6.1
Environmental, health and safety	1	0.6
Administrative	19	10.6
Total	179	100.0

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and equity-settled share-based payment.

The total remuneration cost incurred by the Group for the six months ended June 30, 2021 was approximately RMB96.7 million, as compared to approximately RMB8.6 million for the six months ended June 30, 2020. The increase was primarily attributable to (i) equity-settled share-based payment of approximately RMB72.8 million before the IPO, (ii) Directors' fee and emoluments of approximately RMB3.8 million; and (iii) an increase of approximately RMB11.5 million in employee salaries and benefits in line with the expansion in headcount.

16. Foreign Exchange Exposure

During the six months ended June 30, 2021, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As at June 30, 2021, a significant amount of the Group's cash and cash equivalents was denominated in Hong Kong dollars. Except for certain cash and cash equivalents, prepayments on purchases of property, plant and equipment and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at June 30, 2021. Our Group manages its foreign exchange risk by performing regular reviews of our net foreign exchange exposures and seeks to minimize these exposures whenever possible.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2021 – unaudited

		Six months ended June 30,	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
Revenue	3	**–**	–
Other income		**7,410**	1,909
Other net loss		**(65)**	(457)
Research and development expenses	4(b)	**(123,435)**	(38,087)
General and administrative expenses		**(100,612)**	(5,470)
Selling and distribution expenses		**(6,566)**	–
Finance costs	4(a)	**(1,764,390)**	(24,446)
Loss before taxation	4	**(1,987,658)**	(66,551)
Income tax	5	**–**	–
Loss for the period		**(1,987,658)**	(66,551)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of entities with functional currencies other than RMB		**2,326**	(107)
Total comprehensive income for the period		**(1,985,332)**	(66,658)
Loss per share *(RMB)*	6		
Basic		**(7.02)**	(0.42)
Diluted		**(7.02)**	(0.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2021 – unaudited

	Notes	**As at June 30, 2021** ***RMB'000***	As at December 31, 2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**156,341**	138,458
Intangible assets		**149,631**	138,691
Prepayments on purchases of property, plant and equipment		**68,252**	35,814
		374,224	312,963
Current assets			
Other receivables and prepayments	8	**25,150**	18,146
Amount due from a related company		**–**	13,051
Pledged bank deposits		**37,865**	11,083
Time deposits with original maturity over three months		**170,095**	806,247
Cash and cash equivalents		**2,206,586**	65,096
		2,439,696	913,623
Current liabilities			
Other payables and accruals	9	**73,050**	38,731
Amounts due to related companies		**47,136**	186
Bank loan		**10,000**	10,000
Lease liabilities		**4,927**	4,749
		135,113	53,666
Net current assets		**2,304,583**	859,957
Total assets less current liabilities		**2,678,807**	1,172,920

	As at June 30, 2021 *RMB'000*	As at December 31, 2020 *RMB'000*
Non-current liabilities		
Lease liabilities	**24,783**	22,778
Deferred income	**73**	94
Convertible redeemable preferred shares	**–**	1,896,016
	24,856	1,918,888
Net assets/(liabilities)	**2,653,951**	(745,968)
Capital and reserves		
Share capital	**–***	–*
Reserves	**2,653,951**	(745,968)
Total equity/(deficit)	**2,653,951**	(745,968)

* The balance represents amount less than RMB1,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the historical financial information of the Company for the years ended December 31, 2019 and 2020 as set out in the prospectus of the Company dated April 16, 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

The interim financial report is unaudited, but has been reviewed by KPMG 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 HKICPA, whose unmodified review report is included in the interim financial report to be sent to shareholders. In addition, the interim financial report has been reviewed by the Company's Audit Committee.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are development, manufacturing and marketing of ophthalmic drugs. No revenue was derived from these activities during the six months ended June 30, 2021 and 2020.

(b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

HKFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its non-current operating assets and capital expenditure were located/incurred in the People's Republic of China ("**PRC**"). Accordingly, no geographical information is presented.

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Interest on bank loan	**194**	–
Interest on lease liabilities	**697**	750
Changes in the carrying amount of preferred shares liability:		
– Changes in present value of redemption amount	**58,208**	23,696
– Changes in fair value of conversion features	**1,705,291**	–
	1,764,390	24,446

(b) Other items

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Amortization of intangible assets	**1,054**	1,022
Depreciation charge		
– owned property, plant and equipment	**8,422**	8,292
– right-of-use assets	**2,162**	1,851
Research and development expenses	**123,435**	38,087
Listing expenses	**28,112**	–

5 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 operated.

(a) Cayman Islands income tax

There is no income tax in the Cayman Islands and accordingly, the operating results reported by the Company, is not subject to any income tax in the Cayman Islands.

(b) Hong Kong income tax

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as the Group has no estimated assessable profits.

(c) The PRC corporate income tax

No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, as the Group's PRC entity has no estimated assessable profits.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB1,987,658,000 (six months ended June 30, 2020: RMB66,551,000) and the weighted average of 283,262,051 ordinary share (six months ended June 30, 2020: 160,000,000 ordinary shares) in issue during the interim period after taking into account effect of Capitalization Issue, calculated as follows:

	Six months ended June 30,	
	2021	2020
	Number of shares	*Number of shares*
Issued ordinary shares at the beginning of the year	**377,480**	400,000
Effect of Capitalization Issue	**150,614,520**	159,600,000
Effect of conversion of convertible redeemable preferred shares to ordinary shares upon IPO	**89,264,928**	–
Effect of shares issued upon IPO	**42,326,989**	–
Effect of shares issued related to equity settled share-based transactions	**678,134**	–
Weighted average number of ordinary shares at end of the period	**283,262,051**	160,000,000

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the six months ended June 30, 2021 and 2020, as all of the potential ordinary shares are anti-dilutive.

7 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2021 and 2020.

8 OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2021 *RMB'000*	As at December 31, 2020 *RMB'000*
Value added tax recoverable	**8,611**	7,477
Prepayments to suppliers	**15,508**	6,405
Deferred Listing expenses	**–**	2,350
Prepaid Listing expenses	**–**	1,441
Other receivables	**1,031**	473
	25,150	18,146

All other receivables and prepayments are expected to be recovered or recognized as expense within one year.

9 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2021 *RMB'000*	As at December 31, 2020 *RMB'000*
Payables for Listing expenses	**14,862**	6,364
Payables for purchase of property, plant and equipment	**38,714**	12,684
Payroll payables	**4,262**	5,307
Accrued costs for research and development expenses	**5,940**	7,920
Payables for purchase of materials	**1,090**	810
Accrued office expense and others	**3,009**	726
Other taxes payables	**5,173**	4,920
	73,050	38,731

All of the other payables and accruals are expected to be settled and expensed within one year or are repayable on demand.

OTHER INFORMATION

Events After the Reporting Period

On July 12, 2021, the last patient enrolled for the Phase III clinical trial of one of the Company's core drug candidates, CsA ophthalmic gel for the treatment of DED has completed drug treatment. On August 17, 2021, the pivotal Phase III clinical trial of CsA ophthalmic gel for the treatment of DED has met its primary endpoint in ICSS. The patient group receiving CsA ophthalmic gel (0.05%, q.d.) has demonstrated statistically significant ($P<0.0001$) and clinically meaningful improvements in ICSS comparing to the patient group receiving placebo treatment.

On July 14, 2021, the IND submission of NVK-002 for initiating a Phase III clinical trial in China has been accepted for review by the CDE. The Phase III clinical trial of NVK-002 (CHAMP) of the Company's partner – Vyluma Inc. in the United States and Europe is the most advanced study for drug registration of low dose atropine for slowing the progression of myopia in children and adolescents in the world. The CHAMP trial with three years of NVK-002 treatment is expected to complete by the end of 2022. An NDA submission to the FDA is expected in 2023 and NVK-002 is currently positioned as the first approved product for slowing the progression of myopia in the world.

On July 27, 2021, NTC010 (Leviosa), an innovative eye drop for preventing and treating cataract surgery-related inflammation and infection, was approved by the Hainan Provincial Medical Products Administration, as an urgently needed drug for use by patients in the Hainan Province under The System Integration Innovation Reform Plan of Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port. The Boao Super Hospital in the Hainan Province will handle the approval of NTC010 for use in patients. The first patient to receive NTC010 has been identified and the treatment is expected to commence as early as August 2021 for a clinical study of NTC010 in Hainan.

Save as disclosed above, there was no other significant event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

Interim Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2021.

Compliance with the CG Code

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and not be performed by the same individual. Dr. Li Xiaoyi currently serves as both the Chairman of the Board and the CEO. Dr. Li Xiaoyi has been operating and managing our Group since its establishment. Our Board believes that vesting the roles of both CEO and Chairman of the Board in the same person has the benefit of ensuring consistent leadership and efficient discharge of executive functions within our Group. We consider that the balance of power and authority of the present arrangement will not be impaired as the Board comprises eight other experienced and high-calibre individuals who would be able to offer advice from various perspectives. In addition, for major decisions of our Group, our Board will make consultations with appropriate Board committees and senior management.

Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole and the deviation from Code provision A.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and CEO is necessary.

The Company is committed to maintain a high standard of corporate governance (which is of critical importance to our development) to protect the interest of the Shareholders. Save as disclosed above, our Directors consider that the Company has complied with all applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules from the Listing Date until the date of this announcement.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its securities code to regulate the dealing by the Directors in securities of the Company.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the period from the Listing Date to the date of this announcement. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

Use of Proceeds from the Global Offering

The Company's Shares were listed on the Stock Exchange on April 29, 2021 with a total of 123,567,500 offer Shares issued. The net proceeds from the Global Offering amounted to approximately HK$1,932.3 million, after deducting the underwriting fees, commissions and related Listing expenses.

As of June 30, 2021, we used approximately HK$24.9 million from the proceeds mentioned above, including (i) HK$8.0 million for clinical development and commercialization of our Core Products; (ii) HK$14.4 million for continuing research and development activities as well as commercialization of the other drug candidates in our pipeline; and (iii) HK$2.5 million for carrying out the production line expansion of our advanced Nansha manufacturing facility in anticipation of our product launches in the coming years. No proceeds had been used for (i) funding our business development activities and the expansion of drug pipelines, or (ii) working capital and other general corporate purposes as of June 30, 2021. Based on our estimates, which we believe are consistent with industry practice, we currently intend to apply these net proceeds for the purposes as same as what we described in the Prospectus.

Purchase, Sale or Redemption of the Company's Listed Securities

The Shares of the Company were first listed on the Main Board of the Stock Exchange on April 29, 2021. During the period from the Listing Date to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Material Litigation

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

Review of Interim Results by Audit Committee

The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely, Mr. Wong Hin Wing, Ms. Cai Li and Dr. Tam Lai Fan Gloria. The chairman of the Audit Committee is Mr. Wong Hin Wing.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the Group's unaudited interim financial report for the six months ended June 30, 2021.

The Audit Committee reviews and assesses the effectiveness of the Company's risk management and internal control systems which cover all material financial, operational and compliance controls. The Audit Committee also reviews regularly the corporate governance structure and practices within the Company and monitors compliance fulfilment on an ongoing basis.

Publication of the 2021 Consolidated Interim Results and Interim Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (zkoph.com). The interim report of the Company for the six months ended June 30, 2021 containing all the information in accordance with the requirements under the Listing Rules, will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

Appreciation

We wish to express our sincere gratitude to our Shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

DEFINITIONS

"ANDA"	abbreviated new drug application, an application for a generic drug to an approved drug in China
"ASEAN"	the Association of Southeast Asian Nations
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Capitalization Issue"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into 400 Shares of the corresponding class with US$0.00000025 each on April 1, 2021
"CDE"	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
"CEO"	chief executive officer
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this interim results announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"CIC"	China Insights Industry Consultancy Limited, a market research and consulting company and an independent third party of the Company

"Company", "our Company", "the Company" or "we"	Zhaoke Ophthalmology Limited
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this interim results announcement, our Core Products refer to CsA ophthalmic gel and ZKY001
"CsA"	a selective immuno-suppressant that inhibits calcineurin, an activator of T cells
"DED"	dry eye disease
"DME"	diabetic macular edema
"Director(s)"	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors
"EMA"	European Medicines Agency
"FDA"	the United States Food and Drug Administration
"Global Offering"	the offer for subscription of the shares as described in the Prospectus
"Group", "our Group", "the Group", "we"	the Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IACTA"	IACTA Pharmaceuticals, Inc., an ophthalmic pharmaceutical company incorporated under the laws of Delaware of the United States in 2016 and one of our licensing partners

"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials. Also known as clinical trial application, or CTA, in China
"IPO"	the initial public offering of the Shares of the Company on the Stock Exchange
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	April 29, 2021, being the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented 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, an application through which the drug sponsor formally proposes that the relevant regulatory authority approve a new drug for sales and marketing
"Nevakar"	Nevakar, Inc., a pharmaceutical company incorporated under the laws of Delaware of the United States in 2015 and one of our licensing partners
"NMPA"	National Medical Products Administration
"NTC"	NTC S.r.l, a pharmaceutical company incorporated under the laws of Italy and one of our licensing partners
"PanOptica"	PanOptica, Inc., a biopharmaceutical company incorporated under the laws of Delaware of the United States in 2009 and one of our licensing partners
"Prospectus"	the prospectus issued by the Company dated April 16, 2021
"Reporting Period"	the six months ended June 30, 2021

"RMB"	Renminbi
"Series A Preferred Shares"	the convertible series A preferred shares of our Company allotted and issued in the series A financing, which were subsequently converted to ordinary Shares on the Listing Date
"Series B Financing"	the fundraising process pursuant to a series B preferred share subscription agreement entered into by, among others, our Company and the series B investors dated October 9, 2020
"Series B Preferred Shares"	the convertible series B preferred shares of our Company allotted and issued in the Series B Financing, which were subsequently converted to ordinary Shares on the Listing Date
"Share(s)"	ordinary shares in the share capital of our Company of US$0.00000025 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"TOT BIOPHARM"	TOT BIOPHARM International Company Limited (東曜藥業股份有限公司), formerly known as TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司), a limited liability company established under the laws of Hong Kong in 2009 and one of our licensing partners, whose shares are listed on the Stock Exchange (stock code: 1875)
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"VEGF"	vascular endothelial growth factor, a signal protein produced by cells that stimulates the formation of blood vessels

"VEGFR2"	vascular endothelial growth factor receptor 2, a type of VEGF that is a primary responder to vascular endothelial growth factor signal, and thereby regulates endothelial migration and proliferation
"wAMD"	wet age-related macular degeneration

For and on behalf of the Board
Zhaoke Ophthalmology Limited
Dr. Li Xiaoyi
Chairman and Executive Director

Hong Kong, August 18, 2021

As at the date of this announcement, the Board of Directors comprises Dr. Li Xiaoyi and Mr. Dai Xiangrong as executive Directors, Ms. Leelalertsuphakun Wanee, Ms. Tiantian Zhang, Ms. Cai Li and Mr. Chen Yu as non-executive Directors, and Mr. Wong Hin Wing, Prof. Lo Yuk Lam and Dr. Tam Lai Fan Gloria as independent non-executive Directors.