KeyMed Biosciences

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

2024

INTERIM REPORT

Contents

Definitions

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

"Audit Committee"	the audit committee of the Board
"AZ"	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 C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"cGMP" or "Current Good Manufacturing Practice"	cGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. cGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the cGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations. This includes establishing strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories
"Company", "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"	Stapokibart (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

Definitions

"Dr. Chen"	Dr. Bo CHEN, the chairman of our Board, an executive Director and the chief executive officer of our Company
"EASI"	the Eczema Area and Severity Index is a validated scoring system that grades the physical signs of AD. An area score of 0-6 is assigned for each body region (total of four), depending on the percentage of AD-affected skin in that area: 0 (none), 1 (1% to 9%), 2 (10% to 29%), 3 (30% to 49%), 4 (50% to 69%), 5 (70% to 89%), or 6 (90% to 100%). The composite score, on a scale from 0 to 72, determines the severity of the signs of AD and the extent to which a patient is affected. EASI-75 indicates ≥75% improvement from baseline
"FDA"	the Food and Drug Administration of the United States
"FTD"	the Fast Track Designation, the obtainment of which for drug candidates would provide the opportunity to accelerate the review process in various forms, including but not limited to (1) more communications and meetings with the FDA, to obtain closer guidance in drug development, clinical trial design and so on; (2) having the qualification of priority review and accelerating approval after meeting the relevant criteria; (3) rolling review
"FVTPL"	fair value through profit and loss
"Global Offering"	the offering of Shares for subscription as described in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IGA"	Investigator's Global Assessment scale, a five-point scale that provides a global clinical assessment of AD severity ranging from 0 to 4, where 0 indicates clear, 2 is mild, 3 is moderate and 4 indicates severe AD

Definitions

"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
"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 C3 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Prospectus"	the prospectus of the Company dated June 25, 2021
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	United States dollars, the lawful currency of the U.S.

Definitions

"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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Bo CHEN
Dr. Changyu WANG
Dr. Gang XU

Non-executive Directors

Mr. Qi CHEN
Dr. Min Chuan WANG
Mr. Yilun LIU

Independent Non-executive Directors

Prof. Xiao-Fan WANG
Prof. Yang KE
Mr. Cheuk Kin Stephen LAW

AUDIT COMMITTEE

Mr. Cheuk Kin Stephen LAW (*Chairperson*)
Mr. Qi CHEN
Prof. Yang KE

REMUNERATION COMMITTEE

Prof. Xiao-Fan WANG *(Chairperson)*
Dr. Changyu WANG
Prof. Yang KE

NOMINATION COMMITTEE

Dr. Bo CHEN *(Chairperson)*
Prof. Xiao-Fan WANG
Mr. Cheuk Kin Stephen LAW

JOINT COMPANY SECRETARIES

Mr. Yanrong ZHANG
Ms. Vivien Pak Yu TAM

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)
Dr. Bo CHEN
Dr. Changyu WANG

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

REGISTERED OFFICE

Floor 4, Willow House, Cricket Square
Grand Cayman KYI-9010
Cayman Islands

CORPORATE HEADQUARTERS

Building D2, No. 18 BioTown Middle Road
Chengdu Tianfu International BioTown
Sichuan, 610219
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1701, Lippo Centre Tower 2
Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Corporate Information

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Minsheng Bank
China Merchants Bank

COMPANY WEBSITE

www.keymedbio.com

STOCK CODE

2162

LISTING DATE

July 8, 2021

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.

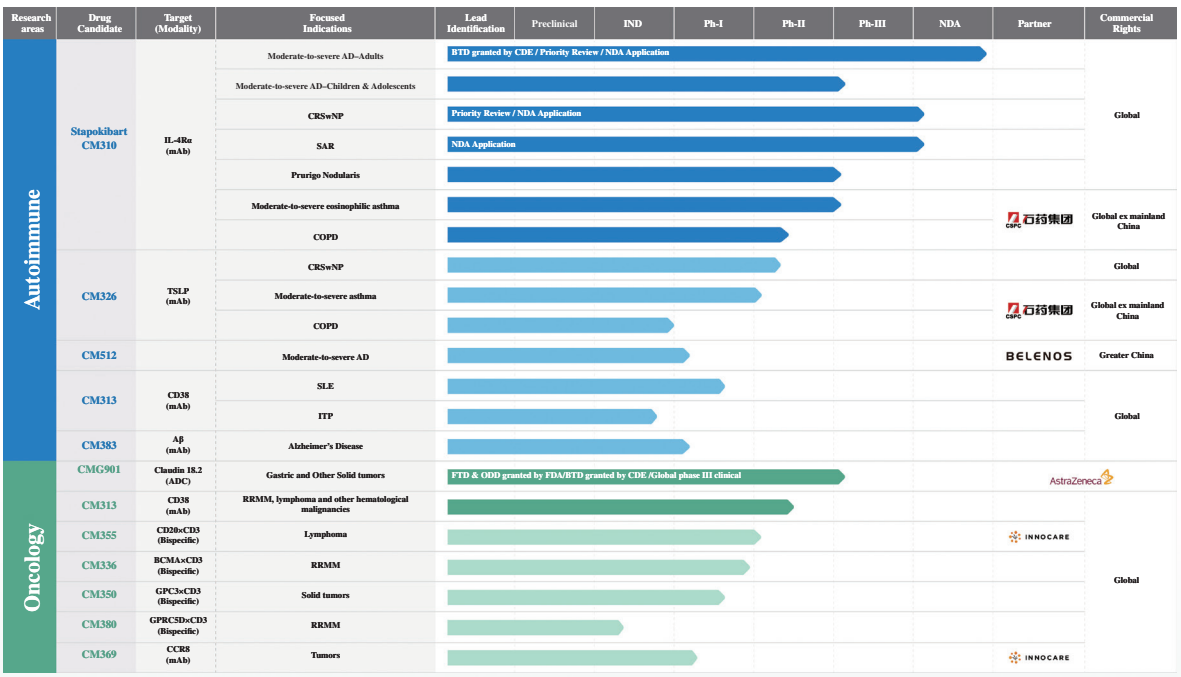
Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies that are complemented by our collaboration with other pharmaceutical and biotechnology companies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. As of the date of this report, we have 11 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 report:



Management Discussion and Analysis

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; ITP = primary immune thrombocytopenia; mAb = monoclonal antibody; MM = multiple myeloma; Ph = Phase; RRMM = relapsed or refractory multiple myeloma; SAR = seasonal allergic rhinitis

BUSINESS REVIEW

- **Stapokibart (CM310) (IL-4Rα antibody)**

  Stapokibart (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, Stapokibart (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 has demonstrated favorable safety and encouraging efficacy in multiple clinical studies.

  In June 2024, the long-term efficacy and safety data from the Phase III clinical trial of Stapokibart injection for the treatment of moderate-to-severe AD were presented by way of oral presentation at the European Academy of Allergy and Clinical Immunology (EAACI) Congress 2024. This clinical trial is a multi-center, randomized, double-blinded, placebo-controlled Phase III clinical trial designed to evaluate the efficacy and safety of Stapokibart in subjects with moderate-to-severe atopic dermatitis, as well as to observe its PK characteristics, PD effects, and immunogenicity. A total of 500 adult subjects with moderate-to-severe AD were randomly assigned in a 1:1 ratio to receive either 300 mg of Stapokibart (initial dose: 600 mg) or a placebo, administered every two weeks for 16 weeks (double-blind treatment period). Following this, all subjects received 300 mg of Stapokibart (placebo-to-Stapokibart initial dose: 600 mg), administered every two weeks for 36 weeks (maintenance treatment period). Combination of topical treatments for AD were allowed during the maintenance treatment period. The two primary endpoints of this trial were met by achieving the rate of standards of at least 75% improvement from baseline in the Eczema Area and Severity Index (EASI-75) and an Investigator Global Assessment (IGA) score of 0 or 1 point with a reduction of ≥ 2 points from baseline at week 16. Other efficacy indicators included the EASI score, IGA score, and the Peak Pruritus Numerical Rating Scale (PP-NRS), among others. A total of 476 subjects entered the maintenance treatment period, with 238 subjects in each group. At week 52, the rates of achieving EASI-75 for the Stapokibart group and the placebo-to-Stapokibart group were 92.5% and 88.7%, respectively. The EASI-90 response rates were 77.1% and 65.6%, respectively. The rates of achieving an IGA score of 0 or 1 point with a reduction of ≥ 2 points from baseline were 67.3% and 64.2%, respectively. Additionally, the rates of achieving a weekly average reduction of ≥ 4 points from baseline in the daily PP-NRS score were 67.3% and 60.5%, respectively. Long-term treatment with Stapokibart can consistently improve dermatitis symptoms and quality of life in subjects with moderate-to-severe AD. During the maintenance period, only one subject (0.9%) experienced a relapse. In terms of safety, Stapokibart was safe and well-tolerated after 52 weeks of administration, with safety profiles consistent with those observed at week 16 and no new safety signals identified. Overall, long-term Stapokibart treatment provides sustained clinical benefits for adult subjects with moderate-to-severe AD and has a good safety profile, with no new safety signals identified.

Management Discussion and Analysis

In the first half of 2024, we advanced and completed the 52-week treatment and safety follow-up of the Phase III clinical study of Stapokibart injection in the treatment of chronic rhinosinusitis with nasal polyps (CRSwNP). The overall study results showed that after treatment with Stapokibart, patients experienced rapid and significant reduction in nasal polyps, relief of nasal obstruction symptoms, and effective improvement in olfaction. Long-term treatment lasting more than six months provided sustained clinical benefits, achieving almost clinical remission and comprehensively improving patients' quality of life. In June 2024, the new drug application of Stapokibart injection for the treatment of chronic rhinosinusitis with nasal polyps was accepted by the NMPA and granted priority review.

In the first half of 2024, we completed the data unblinding and statistical analysis for the Phase III clinical study of Stapokibart injection for the treatment of seasonal allergic rhinitis (SAR), with clinical data meeting the primary endpoints. This clinical trial is a multi-center, randomized, double-blind, placebo-parallel Phase III study aimed at confirming the efficacy and safety of Stapokibart injection in adult patients with SAR who have inadequate control with nasal glucocorticoids or other treatments. In this Phase III clinical study conducted during the pollen season, 108 subjects were enrolled. Stratified by study center, subjects were randomly assigned in a 1:1 ratio to receive Stapokibart 600 mg (initial dose) + 300 mg or placebo, administered every two weeks for a total of two doses. Safety was observed for 8 weeks. The primary endpoint of the study was the average change from baseline in the daily retrospective nasal symptoms score (rTNSS) over the 2-week treatment period. The results of the Phase III clinical trial were positive, with the primary endpoint being fully met. Stapokibart demonstrated significant superiority over the placebo group with a high level of statistical significance and showed good safety. In April 2024, the new drug application of Stapokibart injection for the treatment of seasonal allergic rhinitis was accepted by the NMPA.

In February 2024, we launched a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of Stapokibart injection in adolescent subjects with moderate-to-severe AD. As of the date of this report, the patient enrollment for this clinical study is in progress. Additionally, in May 2024, we initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of Stapokibart injection in subjects with nodular prurigo. As of the date of this report, the patient enrollment for this clinical study is in progress.

JMT-Bio, a wholly-owned subsidiary of CSPC, has the exclusive license to develop and commercialize Stapokibart (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 report, CSPC has initiated the critical Phase II/III clinical study for the treatment of moderate-to-severe asthma and moderate-to-severe COPD.

- **CMG901/AZD0901 (Claudin 18.2 antibody drug conjugate)**

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 GEJ 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.

As of the date of this report, AstraZeneca AB has conducted multiple clinical studies regarding CMG901 (AZD0901) for the treatment of advanced solid tumors.

Management Discussion and Analysis

Among these, an international multi-center Phase III study comparing CMG901 (AZD0901) monotherapy versus investigator's choice as second-line or later-line treatment in patients with advanced or metastatic gastric and gastroesophageal junction (G/GEJ) cancer expressing Claudin 18.2 was publicly announced on the drug clinical trial registration and information publicity platform in March 2024. The first patient received the initial dose in April 2024.

In June 2024, the latest data from a Phase I clinical study of CMG901 (AZD0901) in the treatment of advanced G/GEJ cancer were presented by way of oral presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting 2024. This report updated the data previously presented at the ASCO Plenary Series in November 2023, with a median follow-up time of 10.1 months.

The study results indicated that as of February 24, 2024, totally 113 patients with G/GEJ cancer received CMG901 (AZD0901) at doses of 2.2mg/kg, 2.6mg/kg, and 3.0 mg/kg (n=44, 50, and 19, respectively). The median line of prior therapy of subjects was two. 74% of subjects previously received anti-PD-1/PD-L1 therapy. Among 89 evaluable patients with Claudin 18.2-high expressing (defined as Claudin 18.2 staining intensity ≥2+ in ≥20% of tumor cells) G/GEJ cancer in three cohorts, confirmed objective response rate (ORR) and confirmed disease control rate (DCR) were 35% and 70%, respectively. In the 2.2 mg/kg dose group, the confirmed ORR was 48%. The median progression free survival (mPFS) for all 93 patients with Claudin 18.2-high expressing G/GEJ cancer was 4.8 months, and the median overall survival (mOS) was 11.8 months. In terms of safety, among the 113 subjects with G/GEJ cancer across the three dose groups, the incidence of drug-related grade ≥3 treatment-emergent adverse events (TEAEs) was 55%, the incidence of drug-related serious AEs was 32%, and 8% of subjects had discontinued treatment due to TEAEs. Overall, CMG901 had a manageable safety and tolerability profile, with most TEAEs being well controlled through preventive medication or standard treatment management during continued dosing.

- **CM313 (CD38 antibody)**

CM313 is a humanized monoclonal antibody that targets CD38. It can induce target cell apoptosis through antibody-dependent cell-mediated cytotoxicity (ADCC), complement-dependent cytotoxicity (CDC), and antibody-dependent cell-mediated phagocytosis (ADCP), as well as under Fc cross-linking conditions. We believe that CM313 has the potential to become an innovative treatment option for relapsed or refractory multiple myeloma (RRMM) and other hematological malignancies, and it may also bring new breakthroughs in the field of autoimmune disease treatment.

In the first half of 2024, we continued to advance a multi-center, open-label, dose-escalation and dose-expansion Phase I clinical study to evaluate the safety, tolerability, pharmacokinetics, and preliminary efficacy of CM313 injection in patients with RRMM, lymphoma, and other hematological malignancies. Additionally, we initiated a multi-center, open-label Phase I/II clinical study to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, and preliminary efficacy of CM313 (subcutaneous formulation) injection as a monotherapy and in combination with other anti-tumor therapies in patients with RRMM.

In addition, given the observed outstanding clearance effect of CM313 on plasma cells in multiple myeloma (MM) and lymphoma indications, we believe that CM313 has the potential to become an innovative treatment option for systemic lupus erythematosus (SLE). We continuously proceeded with a randomized, double-blinded, placebo-controlled, dose-escalation, multiple-dose Phase Ib/IIa clinical study in the first half of 2024 to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity and preliminary efficacy of CM313 injection in subjects with SLE.

Management Discussion and Analysis

In June 2024, a research paper titled "A Novel Anti-CD38 Monoclonal Antibody for Treating Immune Thrombocytopenia" was published in The New England Journal of Medicine. This is an investigator-initiated, single-arm, open-label, exploratory clinical study to evaluate the safety and preliminary efficacy of CM313 in adult patients with primary immune thrombocytopenia. A total of 22 patients were enrolled in the study, with 21 patients completing both the 8 doses and 16-week follow-up periods, while one patient dropped out after the first infusion. In terms of efficacy, results showed that 95.5% of patients (21/22) achieved a platelet count of $\geq 50 \times 10^9$/L within 8 weeks upon the first acceptance of CM313 infusion, with a median cumulative duration for a platelet count of $\geq 50 \times 10^9$/L of 23 weeks (interquartile range: 17-24). The median time to first platelet count of $\geq 50 \times 10^9$/L was 1 week (range: 1-3), and the median time to first platelet count of $\geq 30 \times 10^9$/L with a $\geq$ 2-fold increase from baseline was 1 week. Additionally, the durable platelet count response rate (defined as a platelet count of $\geq 50 \times 10^9$/L observed six or more times among the final eight platelet counts) was 63.6% (14/22). Throughout the entire study, overall response (complete or partial response) was observed in 21 patients, with 20 patients achieving complete response. The proportion of patients with bleeding decreased from 68.2% (15/22) at baseline to 4.8% (1/21) at week 8. Most patients discontinued concomitant medications due to the restoration of platelet counts to normal or safe levels upon CM313 treatment. In summary, CM313 demonstrated rapid and sustained efficacy in 95.5% of patients with primary immune thrombocytopenia who had previously received multiple therapies, with a favorable safety profile.

We have submitted an IND application in June 2024 to further assess the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity, and preliminary efficacy of CM313 in patients with primary immune thrombocytopenia.

- **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.

In March 2024, we completed a randomized, double-blind, placebo-controlled, dose-escalation Phase Ib/IIa clinical study to assess the safety, tolerability, pharmacokinetics, pharmacodynamics, immunogenicity, and preliminary efficacy of CM326 injection administered subcutaneously multiple times in subjects with chronic rhinosinusitis with nasal polyposis (CRSwNP). This study provided initial validation for the safety and efficacy of CM326 in the population with CRSwNP. Following this, in May 2024, we initiated a randomized, double-blind, placebo-parallel Phase II clinical study to evaluate the efficacy and safety of the CM326 recombinant humanized monoclonal antibody injection in patients with CRSwNP, aiming to identify the optimal dose. As of the date of this report, we are enrolling patients for this clinical study.

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 report, CSPC has initiated the Phase II clinical study for the treatment of moderate-to-severe asthma.

Management Discussion and Analysis

- **CM355/ICP-B02 (CD20 x CD3 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). In preclinical studies, it demonstrated stronger T-cell directed cellular cytotoxicity (TDCC) activities with less cytokine release as compared to its leading competitive products.

  In August 2024, the escalation study of the intravenous infusion (IV) formulation has been completed and the patient evaluation of the subcutaneous (SC) formulation is undergoing. Our preliminary data of both IV and SC formulations have shown good efficacy of CM355 in patients with follicular lymphoma (FL) and diffuse large B-cell lymphoma (DLBCL). The ORR of all the 15 patients who were treated with CM355 (dose ≥6 mg) was 100%, among 11 patients who were evaluable in SC group, the ORR was 100% (11/11), with complete response rate (CRR) of 63.6% (7/11), including 2 DLBCL patients with complete response (CR). Most of the responders are still under treatment with maintained response. Based on the encouraging results of CM355 as monotherapy, we are planning to conduct dose expansion study in CM355 in combination with other immunochemotherapies in earlier lines of treatment for NHL patients, and the IND for the combination therapies has been approved by CDE in June 2024.

  In clinical studies, CM355 induced a rapid and profound depletion of B cells in peripheral blood and tissues. CM355 (SC and IV formulations) induced a profound and sustained depletion of peripheral B cells after first infusion in our Phase I/II clinical trial in relapsed or refractory NHL patients. Two patients with bone marrow involvement at baseline were re-evaluated after achieving CR and had complete depletion of CD19- or CD20-positive B cells in the bone marrow, indicating a profound depletion of B cells in the tissues. Given the critical role of B cells in a variety of severe autoimmune diseases, CM355 may have wider applications in severe autoimmune diseases.

- **CM336 (BCMA x CD3 bispecific antibody)**

  CM336 is a BCMAxCD3 bispecific antibody that can simultaneously target and identify and specifically bind both BCMA on the surface of target cells and the CD3 receptor on the surface of T cells to recruit immune T cells to the vicinity of the target cells, thereby inducing T-cell dependent cellular cytotoxicity (TDCC) to eliminate the target cells. In the first half of 2024, we continuously proceeded with a multi-center, open-label Phase I/II clinical study to assess CM336 injection in treating patients with relapsed or refractory multiple myeloma. As of the date of this report, the product is currently in the dose-expansion phase of Phase I/II clinical study.

  Furthermore, based on the clinical effects observed in multiple myeloma indication, we believe that CM336 could represent a promising new therapeutic option for autoimmune diseases by eliminating plasma cells that secrete pathogenic antibodies.

- **CM350 (GPC3 x CD3 bispecific antibody)**

  CM350 is a GPC3xCD3 bispecific antibody for the treatment of solid tumors, especially for hepatocellular carcinoma (HCC). CM350 can simultaneously bind GPC3-positive tumor cells and T cells, thereby activating T cells to eliminate tumor cells.

  We continuously proceeded with a Phase I/II clinical study in the first half of 2024 to assess the safety, tolerability, pharmacokinetics, and preliminary efficacy of CM350 in patients with advanced solid tumors. As of the date of this report, the product is currently in the dose-escalation of Phase I/II clinical study.

Management Discussion and Analysis

- **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 tumor microenvironment (TME) without affecting peripheral tissues. CM369 has potential to selectively remove Tregs from tumor microenvironment, which has more specificity than other immunotherapies and is expected to enhance our strength in the area of solid tumors by synergizing with our existing pipeline.

  We are conducting a Phase I clinical trial to evaluate the safety, tolerability, pharmacokinetic characteristics, and efficacy of CM369 in subjects with advanced solid tumors and relapsed or refractory NHL. As of the date of this report, for solid tumors, dosage of CM369 has been escalated up to 150 mg, which is also the initial dose for NHL indication. CM369 was well tolerated with no dose-limiting toxicity (DLT) and grade 3 or above treatment-related adverse events (TRAEs) observed. The preliminary data demonstrated a favorable PK profile with sufficient exposure for target coverage, and regulatory T-cell depletion was observed. As of August 1, 2024, we have initially observed efficacy in patients with NHL, where 6 patients underwent at least one primary lesion evaluation, and the follow-up evaluations confirmed that, 3 patients (50%) of which had the primary lesion achieved partial response (PR). The Company will explore the combination of CM369 with other immunotherapies for the treatment of various oncology indications after collecting the safety data of monotherapy.

- **CM383 (Aβ protofibrils antibody)**

  CM383 is a humanized monoclonal antibody for the treatment of early Alzheimer's disease (Alzheimer's Disease). The amyloid cascade hypothesis postulates that excessive β-amyloid protein (Aβ) in the brain is a trigger of Alzheimer's Disease. In addition, Aβ protofibrils are considered to be more toxic which are associated with the Alzheimer's Disease progression in the patients. CM383 selectively binds to soluble Aβ protofibrils and plaque. On one hand, CM383 reduces the deposition of Aβ. On the other hand, CM383 promotes the clearance of Aβ plaque.

  Preclinical studies indicated that CM383 demonstrated a favorable safety profile. As of the date of this report, we initiated a Phase I clinical study of the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of single dose-escalation administration of CM383 in healthy subjects. The enrollment of the first subject was completed in June 2024.

- **CM380 (GPRC5D×CD3 bispecific antibody)**

  CM380 is a GPRC5DxCD3 bispecific antibody that can simultaneously target and identify and specifically bind to GPRC5D on the surface of multiple myeloma cells and the CD3 receptor on T cells. It recruits immune T cells to the vicinity of target cells, inducing T-cell dependent cellular cytotoxicity (TDCC) to eliminate myeloma cells.

  Preclinical studies indicated that CM380 had favorable anti-tumor effects and was well tolerated. As of the date of this report, we submitted IND application, and planned to conduct a multi-center, open-label Phase I/II clinical study for evaluation of CM380 in treatment of patients with relapsed or refractory multiple myeloma.

Management Discussion and Analysis

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company may not be able to ultimately develop and market CM310, CMG901, CM313, CM326, CM355, CM336, CM350, CM369, CM383, CM380 or any other product candidates successfully. As of the date of this report, 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.

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, CM350 and CM380, which have entered the clinical/clinical application submission stage as of the date of this report. In preclinical studies, the above drug candidates have demonstrated encouraging T cell-mediated cell killing effects with low possibility of cytokine release syndrome.

Management Discussion and Analysis

- **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 crystallizable 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.

- **Novel Antibody Drug Conjugate (ADC) Platform**

  Our ADC platform has the comprehensive capabilities to develop novel ADCs with diverse combinations of novel payloads with different mechanisms of action, new types of hydrophilic linkers, and various novel antibodies by multi-conjugation techniques, which generates ADCs with full independent intellectual property rights, strong in vivo stability, excellent efficacy, and good safety. Based on this platform, in addition to the MMAE payload and linker used in CMG901 (also known as AZD0901), we have successfully developed several new types of payloads of new topoisomerase inhibitors and novel linkers. A series of new ADCs with the above payloads and linkers showed good in vivo stability, strong efficacy and good safety, and are currently in the research or the preclinical development stage. In addition, we have also developed novel synthetic methods, which could effectively reduce the manufacturing cost of ADCs and potentially benefit more patients.

Management Discussion and Analysis

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,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**54,682**	327,124
Cost of sales	**(3,736)**	(15,017)
GROSS PROFIT	**50,946**	312,107
Other income and gains	**73,481**	79,981
Research and development expenses	**(331,026)**	(249,757)
Administrative expenses	**(89,948)**	(82,372)
Selling and distribution expenses	**(23,248)**	–
Other expenses	**(168)**	(381)
Finance costs	**(8,863)**	(9,336)
Share of losses of a joint venture	**(1,698)**	(2,097)
(LOSS)/PROFIT BEFORE TAX	**(330,524)**	48,145
Income tax expense	**(6,079)**	–
(LOSS)/PROFIT FOR THE PERIOD	**(336,603)**	48,145
Attributable to:		
Owners of the parent	**(336,745)**	46,967
Non-controlling interests	**142**	1,178
	(336,603)	48,145

Management Discussion and Analysis

1. Revenue and Cost of Sales

During the Reporting Period, the Group's revenue primarily consisted of the 1st milestone revenue from AZ on the CMG901 license transaction. Cost of sales mainly represented costs incurred under the out-licensing arrangements.

2. Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily consisted of government grants of RMB23 million, interest income of RMB41 million and exchange gain of RMB6 million.

3. R&D Expenses

During the Reporting Period, the Group's R&D expenses primarily consisted of (i) expenses incurred in connection with preclinical 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, 2024, the R&D expenses of the Group increased by RMB81 million to RMB331 million, from RMB250 million for the six months ended June 30, 2023. The increase was primarily attributable to increased staff costs, number of clinical trials and equipment used in the R&D activities.

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; and (iii) professional services fees paid to legal counsel, agents, auditor, and other professional service providers. For the six months ended June 30, 2024, the administrative expenses of the Group increased by RMB8 million to RMB90 million, from RMB82 million for the six months ended June 30, 2023. The increase was primarily attributable to the increase in staff costs as a result of business expansion.

5. Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses primarily consisted of staff costs of commercialization department.

6. Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of interest expenses on bank borrowings.

7. Income Tax Expense

During the Reporting Period, the income tax expense primarily consisted of withholding tax on the milestone payment from AZ.

Management Discussion and Analysis

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

	As at June 30, 2024 *RMB'000* (Unaudited)	As at December 31, 2023 *RMB'000* (Audited)
Total current assets	**2,788,339**	2,939,531
Total non-current assets	**1,017,107**	943,391
Total assets	**3,805,446**	3,882,922
Total current liabilities	**559,659**	314,180
Total non-current liabilities	**608,631**	581,929
Total liabilities	**1,168,290**	896,109
Net current assets	**2,228,680**	2,625,351

9. Liquidity and Capital Resources

As at June 30, 2024, our time deposits, cash and cash equivalents and bank wealth management products decreased by RMB142 million to RMB2,577 million from RMB2,719 million as at December 31, 2023. The decrease was primarily attributable to cash used in the daily operation.

As at June 30, 2024, the current assets of the Group were RMB2,788 million, including cash and bank balances of RMB710 million, time deposits of RMB1,730 million, bank wealth management products of RMB137 million and other current assets of RMB211 million. As at June 30, 2024, the current liabilities of the Group were RMB560 million, including trade payables of RMB30 million, other payables and accruals of RMB165 million, interest-bearing bank borrowings of RMB344 million and other current liabilities of RMB21 million.

For the six months ended June 30, 2024, our net cash flows used in operating activities amounted to RMB366 million, while net cash flows from operating activities amounted to RMB40 million for the six months ended June 30, 2023. The decrease was primarily attributable to the one-time upfront payment received from AZ on CMG901 license transaction in 2023.

For the six months ended June 30, 2024, our net cash flows used in investing activities amounted to RMB40 million, while net cash flows from investing activities amounted to RMB444 million for the six months ended June 30, 2023. The decrease was primarily attributable to less time deposits withdrawal during the Reporting Period.

For the six months ended June 30, 2024, our net cash flows from financing activities amounted to RMB264 million, while net cash flows used in financing activities amounted to RMB4 million for the six months ended June 30, 2023. The increase was primarily attributable to more bank loans borrowed during the Reporting Period.

Management Discussion and Analysis

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 RMB137 million as of June 30, 2024. 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, 2024.

10. Indebtedness

As at June 30, 2024, our interest-bearing bank borrowings amounted to RMB692 million, of which RMB311 million are borrowed at fixed interest rate. The unutilized credit facilities amounted to RMB388 million.

As at June 30, 2024, the lease liabilities decreased by RMB9 million to RMB32 million as the result of the lease payments.

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as of June 30, 2024 was 31%, representing an increase of 8 percentage points from the gearing ratio of 23% as at December 31, 2023.

11. Significant Investments, Material Acquisitions and Disposals

The Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2024, and the Group also did not hold any significant investments for the six months ended June 30, 2024. The Group did not have plans for significant investments or capital assets as at the date of the report.

12. Contingent Liabilities

As of June 30, 2024, the Group did not have any contingent liabilities.

13. Capital Commitments

As of June 30, 2024, the Group had capital commitments contracted, but not yet provided, of RMB223 million, which were related to the purchase or construction of property, plant and equipment for the manufacture plant.

14. Pledge of Assets

As of June 30, 2024, the Group pledged machinery equipment with costs of RMB441 million and construction in progress and land use right with a total net carrying amount of RMB80 million, and committed to pledge the buildings with total net carrying amount of RMB185 million to secure its bank borrowings.

Management Discussion and Analysis

15. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of our transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group's borrowing is made in Renminbi, while cash and cash equivalents are primarily held in Renminbi, Hong Kong dollars and U.S. 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, 2024, we had 1,116 full-time employees in total, including eight employees who were employed overseas and the remaining in Mainland 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 (for further details, please refer to our Prospectus) and the 2022 RSU Scheme on January 21, 2022 (for further details, please refer to the Company's announcements dated January 21, 2022 and January 28, 2022). During the Reporting Period, restricted share units underlying 821,981 Shares and 0 Share had been awarded under the 2021 RSU Scheme and 2022 RSU Scheme, respectively.

Supplementary Information

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 C1 to the Listing Rules as its own code of corporate governance.

Under 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 the CG Code during the Reporting Period.

Code provision F.2.2 of part 2 of the CG code provides that the chairman of the Board should attend the annual general meeting and that the chairmen of the audit, remuneration, nomination and any other committees should be invited to attend the annual general meeting and, 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), Dr. Changyu WANG (being a member of the remuneration committee) and Dr. Gang XU (for the purpose of code provision F.2.2 of the CG Code, as the duly appointed delegate of Mr. Qi Chen, a member of the audit committee) attended the Company annual general meeting on June 25, 2024.

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.

Supplementary Information

INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended June 30, 2024.

REVIEW OF INTERIM RESULTS

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 interim condensed financial information of the Group for the six months ended June 30, 2024 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 the 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".

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGES TO DIRECTORS' INFORMATION

Mr. Cheuk Kin Stephen LAW has been the independent non-executive director of QuantumPharm Inc., a company listed on the Stock Exchange (Stock code: 2228), since May 2024.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the Reporting Period. As of June 30, 2024, the Company did not hold any treasury Shares. Treasury shares presented notes to the interim condensed consolidated financial information includes shares acquired by the trustee of a trust set up in connection with a restricted share unit scheme of the Group, and does not fall within the meaning of "treasury shares" under the Listing Rules.

Supplementary Information

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, 2024:

Business objective as stated in the Prospectus	Planned applications *RMB million*	Balance as at December 31, 2023 *RMB million*	Actual utilisation during the Reporting Period *RMB million*	Balance as at June 30, 2024 *RMB million*	Expected timeline for unutilized amount
R&D and commercialization of the Company's core product and key drug candidates	1,705	934	191	743	By the end of 2025
Preclinical evaluation and clinical development of the Company's other pipeline products	426	35	35	–	–
Payment of lease for the Company's new manufacturing and R&D facilities and procurement of machinery and equipment	426	–	–	–	–
General corporate and working capital purposes	284	66	56	10	By the end of 2024
Total	2,841	1,035	282	753	

SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2024, Keymed Biosciences (Chengdu) Co., Ltd. (康諾亞生物醫藥科技(成都)有限公司) ("**Chengdu Keymed**"), a wholly-owned subsidiary of the Group, and Belenos Biosciences, Inc. ("**Belenos**") entered into an out-license agreement (the "**License Agreement**"). The License Agreement grants Belenos the exclusive right to develop, manufacture and commercialize the Group's drug candidates, CM512 and CM536, globally excluding the Greater China region. In return, Chengdu Keymed shall receive an upfront and near term payment of US$15 million, and iBridge HK Holdings Limited, a wholly-owned subsidiary of the Group, shall receive approximately 30.01% of the equity interest in Belenos as consideration. Subject to achievement of certain development, regulatory and commercial milestones, Chengdu Keymed may also receive additional payments up to US$170 million. Chengdu Keymed is also entitled to receive tiered royalties from Belenos on net sales during a specified time period beginning after the first commercial sales of CM512 and CM536. Please refer to the announcement of the Company dated July 9, 2024 for further information.

Save as disclosed above, 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 report.

Supplementary Information

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding in the Company (%)
Dr. Bo CHEN	Interest in controlled corporation[2]	77,751,482(L)	27.79

Notes:

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

(2) Dr. Bo CHEN is interested in approximately 65.36% of the shareholdings of Moonshot Holdings Limited ("**Moonshot**"). Dr. Changyu WANG, Dr. Gang XU and Dr. Qian JIA, through their respective family trust, are interested in is in 13.31%, 13.31% and 8.02% of the equity interest in Moonshot, respectively.

Save as disclosed above, as of June 30, 2024, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Supplementary Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding in the Company (%)
Moonshot[2]	Beneficial interest	77,751,482(L)	27.79
Boyu Capital Group Holdings Ltd.[3]	Interest in controlled corporation	15,080,479(L)	5.39
XYXY Holdings Ltd.[3]	Interest in controlled corporation	15,080,479(L)	5.39
Xiaomeng TONG[3]	Interest in controlled corporation	15,080,479(L)	5.39

Notes:

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

(2) Dr. Bo CHEN is interested in approximately 65.36% of the shareholdings of Moonshot. Dr. Changyu WANG, Dr. Gang XU and Dr. Qian JIA, through their respective family trust, are interested in is in 13.31%, 13.31% and 8.02% of the equity interest in Moonshot, respectively.

(3) Boyu Capital Group Holdings Ltd., XYXY Holdings Ltd. and Xiaomeng TONG, by virtue of their interest in controlled corporations, are interested in the 13,623,979 Shares held by Spring Aquila Limited and 1,456,500 Shares held by Boyu Capital Opportunities Master Fund.

Save as disclosed above, as at June 30, 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Supplementary Information

RESTRICTED SHARE UNIT SCHEMES

2021 RSU Scheme

Our Company has adopted the 2021 RSU Scheme by a board resolution on April 5, 2021. The following is a summary of the principal terms of the 2021 RSU Scheme.

(a) Purpose of the 2021 RSU Scheme

The purposes of this 2021 RSU Scheme is to incentivize eligible participants in the 2021 RSU Scheme (the RSU Participants as defined below) for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

(b) Participants

Subject to the requirements under Chapter 17 of the Listing Rules, persons eligible to receive RSUs under the 2021 RSU Scheme are employees or officers of the Group, including executive, non-executive and independent non-executive directors, any person or entity that provides research, development, consultancy and other technical or operational or administrative support to the Group; and any other persons who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of its Subsidiaries (the "**RSU Participant(s)**", for the purpose of this sub-section only).

(c) Awards

An award pursuant to the 2021 RSU Scheme (an "**Award(s)**", for the purpose of this sub-section only) gives a RSU Participant a conditional right when the relevant restricted share unit (an "**RSU(s)**", for the purpose of this sub-section only) vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSU, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each RSU represents one underlying Share.

(d) Term

Subject to the termination provision of the 2021 RSU Scheme, it shall remain valid and effective until July 7, 2031. Upon the expiry of the 2021 RSU Scheme, no further Awards will be granted, but the provisions of the 2021 RSU Scheme shall in all other respects remain in full force and effect and Awards that are granted during the term of the 2021 RSU Scheme may continue to be exercisable in accordance with their terms of issue.

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the 2021 RSU Scheme and in such event no further Awards will be granted but in all other respects the provisions of the RSU Scheme shall remain in full force and effect in respect of RSU which are granted during the life of the 2021 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the scheme.

Supplementary Information

(e) Grant and Acceptance of Awards

On and subject to the terms of the 2021 RSU Scheme and the terms and conditions that the Board imposes pursuant thereto, the Board shall be entitled at any time during the life of the 2021 RSU Scheme to make a grant to any RSU Participant, as the Board may in its absolute discretion determine.

Awards may be granted on such terms and conditions (e.g. by linking the vesting of their RSU to the attainment or performance of milestones by any member of the Group, the grantee or any group of RSU Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the 2021 RSU Scheme.

A grant shall be made to a RSU Participant in such form as the Board may from time to time determine (the "**Notice of Grant**", for the purpose of this sub-section only) and such grant shall be subject to the terms as specified in the 2021 RSU Scheme. The RSU Participant shall undertake to hold the Award on the terms on which it is granted and be bound by the provisions of the 2021 RSU Scheme. Such Award shall remain open for acceptance by the RSU Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after July 7, 2031 or after the RSU Scheme has been terminated in accordance with the provisions hereof. To the extent that the Award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

If the RSU Participant accepts the offer of grant of RSU(s) by signing the Notice of Grant, he is required to sign an acceptance notice and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the RSU Participant of a duly executed acceptance notice, the RSU(s) is deemed granted to such RSU Participant from the date of the Notice of Grant, and the RSU Participant becomes a grantee (the "**Grantee**", for the purpose of this sub-section only) in the 2021 RSU Scheme. The Notice of Grant sets out that the RSU Participants should undertake that they will not, inter alia, offer, sell or otherwise transfer or dispose of any vested Shares for a period ending on a date which is 365 days after the vesting of any Shares under the 2021 RSU Scheme.

(f) Vesting

The Board has the sole discretion to determine the vesting criteria, conditions and the time for any grant of Award(s) to any Grantee (including, if applicable, a purpose price of shares awarded), which may also be adjusted and re-determined by the Board from time to time. If the vesting conditions are not satisfied or waived by the Board, the RSU shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

Supplementary Information

(g) Restriction on Grant of Awards

The Board may not grant any Awards where (a) the requisite approvals for that grant from any applicable regulatory authorities have not been obtained; (b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the 2021 RSU Scheme, unless the Board determines otherwise; (c) where granting the Award would result in a breach by the Company, its subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or (d) where such grant of Award would result in a breach of the limits of the 2021 RSU Scheme. Any Awards granted under the 2021 RSU Scheme and any other share scheme (as defined under the Listing Rules) to a specific participant (excluding any options and awards lapsed in accordance with the terms of such scheme) in a 12-month period up to and including the date of an Award shall not exceed 1% of the total issued Shares of the Company unless such Award is approved by the shareholders of the Company (with the Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting).

Further, no grant shall be made to, nor shall any grant be capable of acceptance by, any RSU Participant at a time when the RSU Participant would or might be prohibited from dealing in the Shares by any applicable rules, regulations or laws. In particular, where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Any grant of an Award to any connected person (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

(h) General and Maximum Limit

The maximum number of Shares which may be granted under the RSU Scheme is 17,976,153, representing approximately 6.43% of the number of issued Shares of the Company as of June 30, 2024. As of January 1, 2024 and June 30, 2024, the total number of Shares available to be awarded under the 2021 RSU Scheme is 9,873,143 Shares and 9,865,410 Shares (representing approximately 3.53% and 3.53% of the issued Shares as at the date of this interim report), respectively. All of the Shares were held by Keymed Talent Success Trust, a trust established for the administration of the 2021 RSU Scheme, through Eagle Hero Management Limited. No new Shares may be allotted pursuant to the 2021 RSU Scheme.

Supplementary Information

The below sets out particulars of the Awards granted pursuant to the 2021 RSU Scheme:

			Number of Awards					
Participant	Grant time	Year of grant	Unvested as of January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested as of June 30, 2024
Employees (excluding Directors)[1]	Apr 5, 2021 – Dec 24, 2021[2]	2021	2,113,173	–	1,016,465	42,341	–	1,054,367
	Jan 4, 2022 – Dec 23, 2022[2]	2022	1,690,781	–	379,756	734,907	–	576,118
	Apr 3, 2023 – Oct 10, 2023[2]	2023	1,338,214	–	102,634	30,000	–	1,205,580
	Jul 1, 2023[3]		81,554	–	–	–	–	81,554
	Jan 4, 2024 – Apr 3, 2024[4]	2024	–	821,981	–	7,000	–	814,981
		Total	5,223,722	821,981	1,498,855	814,248	–	3,732,600
Including: top five highest paid employees	Apr 5, 2021 – Oct 26, 2021[2]	2021	425,463	–	212,731	–	–	212,732
	Jan 4, 2022 – Apr 14, 2022[2]	2022	93,774	–	–	–	–	93,774
	Apr 3, 2023 – Oct 10, 2023[2]	2023	1,076,127	–	87,112	–	–	989,015
	Jul 1, 2023[3]	2023	81,554	–	–	–	–	81,554
	Jan 4, 2024 – Apr 3,2024[4]	2024	–	608,213	–	–	–	608,213
		Total	1,676,918	608,213	299,843	–	–	1,985,288

Notes:

(1) None of the grantees were Directors, chief executive or substantial shareholders of the Company, or their respective associates.

(2) The RSUs have vesting terms of 4 years from the grant date. The RSUs shall be vested according to the vesting schedule: 25% of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 75% of the total number of RSUs shall be vested in three substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and then on up to the fourth anniversary of the grant date. The RSUs are granted with the purchase price of zero. The weighted average closing price of the awards exercised during the Reporting Period was HK$32.89.

(3) The RSUs have vesting terms of 3 years from the grant date. The RSUs shall be vested according to the vesting schedule: 1/3 of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 2/3 of the total number of RSUs shall be vested in two substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and the second instalment vested on the third anniversary of the grant date. The RSUs are granted with the purchase price of zero.

(4) During the Reporting Period, the details of the closing price of Shares and fair value of awards at the date of grant per Share are as follows:

Date of grant	Closing price of Shares immediately before date of grant *(HKD)*	Fair value of awards at the date of grant per Share *(HKD)*
Jan 4, 2024	44.4	43.35
Apr 3, 2024	31.45	30.75

The accounting standard and policy adopted to estimate the fair value of the awards at the date of grant per Share is the same as that of the financial year ended December 31, 2023. Please refer to the 2023 annual report of the Company for details.

Supplementary Information

2022 RSU Scheme

Our Company has adopted the 2022 RSU Scheme by a board resolution on January 21, 2022. The following is a summary of the principal terms of the 2022 RSU Scheme.

(a) Purpose of the 2022 RSU Scheme

The purposes of the 2022 RSU Scheme are to recognize and motivate the contributions by Participants (as defined below) of the 2022 RSU Scheme and give incentives thereto in order to retain them, as well as to attract suitable personnel for further development of the Group.

(b) Participants

Participants of the 2022 RSU Scheme includes employees or officers (including directors) of the Group, including any prospective employees (who receives the Grant as an inducement to join the Group) (collectively, the "**Participant(s)**", for the purpose of this sub-section only).

(c) Awards

The 2022 RSU Scheme is subject to the administration of the 2022 ESOP scheme management committee (the "**Committee**", for the purpose of this sub-section only) as appointed by the Board. The Committee may at any time during the term of the 2022 RSU Scheme make an award (the "**Award(s)**", for the purpose of this sub-section only) of conditional rights to either Shares or equivalent value of cash (the "**RSU(s)**", for the purpose of this sub-section only) to any selected Participant at its absolute discretion. An Award shall be made to a Participant by a notice of grant setting out, among other things, the terms and conditions of such Award. Any Award to the Directors or senior management of the Group must first be approved by the Remuneration Committee of the Board. If a Participant accepts the Award, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of grant. Each Participant shall pay RMB1.00 as the award price to accept the Awards granted to such Participant.

(d) Term

The 2022 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) January 20, 2032; or (ii) such date of early termination as determined by the Board or the Committee provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2022 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2022 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2022 RSU Scheme.

(e) Vesting

The Committee may, from time to time while the RSUs are in force and subject to all applicable laws, determine in its sole discretion such vesting criteria and conditions or periods for the Award to be vested. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant notice of grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise price as may be applicable to each RSU.

Supplementary Information

For the purposes of vesting of the RSU(s), the Committee may direct and procure the trustee (the "**Trustee**", for the purpose of this sub-section only) of the 2022 RSU Scheme to release from the underlying trust (the "**Trust**", for the purpose of this sub-section only) of the 2022 RSU Scheme the RSU(s) to the Grantee by transferring the number of the RSUs to the Grantee in such manner as determined by it from time to time. The Committee will send a vesting notice to the relevant Grantee and upon receiving such notice, the Grantee must execute certain documents set out in such notice for the purposes of vesting of the RSU(s). The Committee shall thereafter inform the Trustee of the number of the RSU(s) or the amount of cash equivalent being transferred, paid and/or released to the Grantee in the manner as determined by the Committee.

An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the Grantee's employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determined subject to such conditions or limitations as the Committee may decide. In certain circumstances such as when the Grantee's employment or services with the Group is terminated for cause, the Company shall have a right to instruct the Trustee to repurchase the Shares from the Grantee at the higher of (1) the par value of the Shares on the date the RSUs were granted; and (2) the exercise price (if any) paid by the Grantee for vesting of the relevant RSUs.

(f) Restriction on Grant of Awards

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules, this include the period of:

(a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

In the course of administering the 2022 RSU Scheme, the Company and the Committee will also comply with the applicable provisions of the Model Code and applicable rules on insider dealing. No instructions will therefore be given to the Trustee to acquire Shares under the 2022 RSU Scheme at a time when any Director is in possession of unpublished inside information or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time ("**Relevant Time**", for the purpose of this sub-section only). As the Trustee will be acquiring the Shares on the instruction of the Committee, the Trustee will also not acquire any Shares during the Relevant Time. The Company and the Committee will administer the scheme such that the (i) Grant of Awards under the 2022 RSU Scheme, (ii) purchase of Shares by the Trustee; and (iii) the Committee giving instruction to the Trustee to purchase Shares for the administration of the 2022 RSU Scheme will be conducted in accordance with the applicable provisions of the Model Code.

Supplementary Information

(g) General and Maximum Limit

The Shares in the share pool under the Scheme will be purchased from the secondary market. The aggregated amount of existing Shares to be purchased by the Trustee under the Scheme shall be no more than 5,594,711 Shares, representing approximately 2.0% of the number of total issued Shares of the Company as of June 30, 2024. The Shares acquired for the share pool will be funded out of the Company's internal resources, excluding the proceeds from Global Offering. The maximum number of Shares which may be subject to an Award or Awards to a selected Participant shall not in aggregate exceed 1% of the total issued Shares of the Company as of June 30, 2024 (being 279,735,566 Shares), and shall also be subject to any shareholders approval requirement as required under the Listing Rules. As of June 30, 2024, the total number of Shares available to be awarded under the 2022 RSU Scheme is 5,594,711 Shares (representing approximately 2.0% of the issued Shares as at the date of this interim report). 2,349,500 Shares had been purchased from the market and held by the Trustee as of June 30, 2024. No new Shares may be allotted pursuant to the 2022 RSU Scheme.

At no time shall the Trustee be holding more than 10% of the total number of Shares in issue. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules. The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

As of June 30, 2024, no award was granted pursuant to the 2022 RSU Scheme.

SHARE OPTION SCHEME

During the Reporting Period, the Company did not have any share option scheme which was required to be disclosed.

Independent Review Report

To the board of directors of KEYMED BIOSCIENCES INC.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed financial information set out on pages 35 to 64 which comprises the condensed consolidated statement of financial position of KEYMED BIOSCIENCES INC. (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("HKSRE 2410") issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
27 August 2024

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	**2024** ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited)
Revenue	*4*	**54,682**	327,124
Cost of sales		**(3,736)**	(15,017)
GROSS PROFIT		**50,946**	312,107
Other income and gains	*5*	**73,481**	79,981
Research and development expenses		**(331,026)**	(249,757)
Administrative expenses		**(89,948)**	(82,372)
Selling and distribution expenses		**(23,248)**	–
Other expenses		**(168)**	(381)
Finance costs	*6*	**(8,863)**	(9,336)
Share of losses of a joint venture		**(1,698)**	(2,097)
(LOSS)/PROFIT BEFORE TAX	*7*	**(330,524)**	48,145
Income tax expense	*8*	**(6,079)**	–
(LOSS)/PROFIT FOR THE PERIOD		**(336,603)**	48,145
Attributable to:			
Owners of the parent		**(336,745)**	46,967
Non-controlling interests		**142**	1,178
		(336,603)	48,145
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		**(RMB1.29)**	RMB0.18
Diluted		**(RMB1.29)**	RMB0.18

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	**2024** ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited)
(LOSS)/PROFIT FOR THE PERIOD		**(336,603)**	48,145
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		**1,930**	1
Exchange differences:			
Exchange differences on translation of foreign operations		**(192)**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,738**	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(334,865)**	48,146
Attributable to:			
Owners of the parent		**(334,807)**	46,968
Non-controlling interests		**(58)**	1,178
		(334,865)	48,146

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	**As at 30 June 2024 *RMB'000* (Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**864,430**	803,347
Right-of-use assets	*11*	**81,949**	90,390
Other intangible assets	*11*	**2,511**	1,110
Prepayments, other receivables and other assets	*12*	**46,355**	26,914
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	*13*	**17,738**	15,808
Investment in a joint venture	*14*	**4,124**	5,822
Total non-current assets		**1,017,107**	943,391
CURRENT ASSETS			
Trade receivables	*15*	**12,798**	16,091
Contract assets		**–**	11,000
Inventories		**83,930**	56,354
Prepayments, other receivables and other assets	*12*	**114,863**	135,125
Financial assets at fair value through profit or loss ("FVTPL")	*16*	**137,279**	174,374
Restricted cash		**–**	1,775
Time deposits		**1,729,557**	1,693,783
Cash and cash equivalents		**709,912**	851,029
Total current assets		**2,788,339**	2,939,531
CURRENT LIABILITIES			
Trade payables	*17*	**30,065**	29,488
Other payables and accruals	*18*	**165,395**	219,440
Interest-bearing bank borrowings	*19*	**343,762**	45,825
Lease liabilities		**15,450**	19,427
Tax payable		**4,987**	–
Total current liabilities		**559,659**	314,180
NET CURRENT ASSETS		**2,228,680**	2,625,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,245,787**	3,568,742

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred income	*20*	**243,179**	228,194
Lease liabilities		**16,344**	21,623
Deferred tax liabilities		**463**	278
Interest-bearing bank borrowings	*19*	**348,645**	331,834
Total non-current liabilities		**608,631**	581,929
NET ASSETS		**2,637,156**	2,986,813
EQUITY			
Equity attributable to owners of the parent			
Share capital	*21*	**174**	169
Treasury shares	*21*	**(3)**	2
Reserves	*23*	**2,636,541**	2,986,140
		2,636,712	2,986,311
Non-controlling interests		**444**	502
TOTAL EQUITY		**2,637,156**	2,986,813

Bo Chen
Director

Changyu Wang
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

For the six months ended 30 June 2024

	Attributable to owners of the parent								
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium* *RMB'000*	Share-based payments reserve* *RMB'000*	Other reserves* *RMB'000*	Accumulated losses* *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2024	169	2	8,483,743	153,558	(1,797)	(5,649,364)	2,986,311	502	2,986,813
Profit for the period	–	–	–	–	–	(336,745)	(336,745)	142	(336,603)
Other comprehensive income for the period:									
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax *(note 13)*	–	–	–	–	1,930	–	1,930	–	1,930
Exchange differences on translation of foreign operations	–	–	–	–	8	–	8	(200)	(192)
Total comprehensive loss for the period	–	–	–	–	1,938	(336,745)	(334,807)	(58)	(334,865)
Share-based payment *(note 22)*	–	–	–	17,634	–	–	17,634	–	17,634
Shares repurchased *(note 21)*	2	(5)	(32,423)	–	–	–	(32,426)	–	(32,426)
Exercise of restricted share units	3	–	28,926	(28,929)	–	–	–	–	–
At 30 June 2024 (Unaudited)	174	(3)	8,480,246	142,263	141	(5,986,109)	2,636,712	444	2,637,156

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2024

For the six months ended 30 June 2023

	Attributable to owners of the parent								
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium* *RMB'000*	Share-based payments reserve* *RMB'000*	Other reserves* *RMB'000*	Accumulated losses* *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023	170	1	8,485,153	144,970	1	(5,290,007)	3,340,288	(1,070)	3,339,218
Profit for the period	–	–	–	–	–	46,967	46,967	1,178	48,145
Other comprehensive income for the period:									
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax *(note 13)*	–	–	–	–	1	–	1	–	1
Total comprehensive income for the period	–	–	–	–	1	46,967	46,968	1,178	48,146
Share-based payment *(note 22)*	–	–	–	15,683	–	–	15,683	–	15,683
Shares repurchased *(note 21)*	(1)	1	(28,754)	–	–	–	(28,754)	–	(28,754)
Exercise of restricted share units	–	–	24,662	(24,662)	–	–	–	–	–
At 30 June 2023 (Unaudited)	169	2	8,481,061	135,991	2	(5,243,040)	3,374,185	108	3,374,293

* These reserve accounts compromise the consolidated reserves of RMB2,636,541,000 (30 June 2023: RMB3,374,014,000) in consolidated statements of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	**For the six months ended 30 June 2024 *RMB'000* (Unaudited)**	For the six months ended 30 June 2023 *RMB'000* (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(330,524)**	48,145
Adjustments for:			
Finance costs	*6*	**8,863**	9,336
Interest income	*5*	**(41,199)**	(37,558)
Foreign exchange gains, net	*5*	**(5,977)**	(31,110)
Interest income on financial assets at FVTPL	*5*	**(423)**	–
Fair value gain on financial assets at FVTPL	*5*	**(2,573)**	(4,524)
Depreciation of property, plant and equipment		**37,647**	18,498
Amortisation of other intangible assets		**248**	193
Depreciation of right-of-use assets		**8,441**	8,114
Equity-settled share-based payments	*22*	**17,634**	15,683
Share of losses of a joint venture	*14*	**1,698**	2,097
Disposal of property, plant and equipment		**–**	7
		(306,165)	28,881
Decrease in prepayments, other receivables and other assets		**19,444**	11,049
Increase in inventories		**(27,576)**	(35,936)
Decrease/(increase) in trade receivables		**3,293**	(5,621)
Decrease/(increase) in contract assets		**11,000**	(2,680)
Increase in trade payables		**577**	19,154
(Decrease)/increase in other payables and accruals		**(64,572)**	25,601
Decrease in deferred income		**(1,015)**	(806)
Income tax paid		**(907)**	–
Net cash flows (used in)/from operating activities		**(365,921)**	39,642

Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2024

	Notes	**For the six months ended 30 June 2024** ***RMB'000*** **(Unaudited)**	For the six months ended 30 June 2023 *RMB'000* (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**34,770**	37,558
Interest received on financial assets at FVTPL		**532**	–
Purchases of property, plant and equipment		**(107,426)**	(249,881)
Purchases of land-use right		**–**	(49,809)
Receipts of government grants related to property, plant and equipment		**16,000**	–
Purchases of intangible assets		**(1,537)**	–
Purchase of an unlisted equity investment		**–**	(6,769)
Purchases of wealth management products		**–**	(139,458)
Proceeds from disposal of wealth management products		**40,000**	109,316
Placement of time deposits with maturity dates over three months		**(1,008,640)**	(477,378)
Withdrawal of time deposits with maturity dates over three months		**983,899**	1,219,745
Decrease in advances to employees		**767**	976
Decrease in restricted cash		**1,775**	–
Net cash flows (used in)/from investing activities		**(39,860)**	444,300
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		**(10,089)**	(10,740)
Repurchase of shares		**(32,426)**	(28,754)
Acquisition of non-controlling interests		**–**	(150,599)
Rental deposits paid		**(279)**	(2,595)
Interests paid		**(8,080)**	(3,924)
New bank loans		**421,178**	257,000
Repayment of bank loans		**(106,380)**	(64,090)
Repayment to related parties		**–**	(225)
Net cash flows from/(used in) financing activities		**263,924**	(3,927)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(141,857)**	480,015
Cash and cash equivalents at beginning of the period		**851,029**	604,070
Effect of foreign exchange rate changes, net		**740**	31,110
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**709,912**	1,115,195
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the interim condensed consolidated statements of financial position		**709,912**	1,115,195

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

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 2024, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of 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 2023.

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 2023, except for the adoption of the following revised IFRSs for the first time for the current period's financial information.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

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	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Overseas	**54,261**	326,450
Chinese Mainland	**421**	674
Total segment revenue	**54,682**	327,124

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 Chinese Mainland as at 30 June 2024, geographical segment information in accordance with IFRS 8 Operation Segments is presented.

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Hong Kong	**472**	787
United States of America	**1,836**	2,061
Chinese Mainland	**1,014,799**	940,543
Total	**1,017,107**	943,391

Information about major customers

Revenue of RMB54,261,000 (six months ended 30 June 2023: RMB326,450,000) was derived from collaborations with a pharmaceutical company. Further details are set out in note 4.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

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	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of services		
Collaboration revenue	**54,682**	327,124
Timing of revenue recognition		
Services transferred at a point in time	**50,320**	319,598
Services transferred overtime	**4,362**	7,526

(b) Performance obligations

Licensing 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 commercialisation of Claudin 18.2-targeting anti-body drug conjugate ("CMG901"). 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. In March 2023, AZ paid KYM the one-time and non-refundable upfront payment of USD63,000,000. KYM will be also entitled to receive R&D support services, milestone and royalty payments for licensing and payments for clinical support when the relevant performance obligation is satisfied.In 2023,the Group recognised revenue related to upfront payment of RMB318,658,000.

The Group recognised collaboration revenue related to CMG901 of RMB54,261,000 (unaudited) during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB326,450,000 (unaudited)) for the achievement of certain development milestone of CMG901.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**41,199**	37,558
Government grants	**23,060**	6,585
Interest income on financial assets at FVTPL	**423**	–
Others	**228**	204
Other gains		
Gain on exchange differences, net	**5,977**	31,110
Fair value gain on financial assets at FVTPL	**2,573**	4,524
Others	**21**	–
Total	**73,481**	79,981

6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Implicit interest on other financial liabilities	**–**	4,487
Interest expense on bank borrowings	**8,030**	3,911
Interest on lease liabilities	**833**	938
Total	**8,863**	9,336

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

7. (LOSS)/PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		**37,647**	18,498
Depreciation of right-of-use assets		**8,441**	8,114
Amortisation of other intangible assets		**248**	193
Lease payments not included in the measurement of lease liabilities		**581**	289
Government grants	*5*	**(23,060)**	(6,585)
Auditor's remuneration		**700**	640
Interest income	*5*	**(41,199)**	(37,558)
Finance costs	*6*	**8,863**	9,336
Foreign exchange gains, net	*5*	**(5,977)**	(31,110)
Interest income on financial assets at FVTPL	*5*	**(423)**	–
Fair value gain on financial assets at FVTPL	*5*	**(2,573)**	(4,524)
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
– Wages and salaries		**138,953**	84,552
– Pension scheme contributions		**29,690**	21,645
– Staff welfare expenses		**5,387**	17,700
– Share-based payment expenses		**17,634**	15,683
Total		**191,664**	139,580

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 Company 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.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

8. INCOME TAX (Continued)

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.

Pursuant to US Income Tax laws and regulations and the agreement between the government of the People's Republic of China and the USA for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, a 10% US federal withholding tax is charged on milestone revenue pursuant to license and collaboration agreements entered between the Group and a US company, during the reporting period.

Chinese Mainland

Four subsidiaries incorporated in Chinese Mainland, including Keymed Biosciences (Chengdu) Co., Ltd. ("Keymed Chengdu"), Chengdu Kangnuo Xing Biosciences Co., Ltd. ("Chengdu KNX"), Beijing Lingyue Biomedical Technology Co., Ltd. ("Beijing Lingyue") and Shanghai KNY Biomedical Technology Co., Ltd. ("Shanghai KNY"), obtained the Certificate of High-tech Enterprise and are entitled to corporate income tax at a preferential rate of 15% on taxable profit determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008.

The rest of the subsidiaries that are incorporated in Chinese Mainland are subject to corporate income tax at the statutory rate of 25% on taxable profit determined in accordance with the PRC Corporate Income Tax Law.

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.

	For the six months ended 30 June 2024 *RMB'000* (Unaudited)
Current	**5,894**
Corporate income tax	**907**
Withholding tax	**4,987**
Deferred	**185**
Total	**6,079**

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

9. DIVIDENDS

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

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

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the period attributable to ordinary equity holders of the parent	**(336,745)**	46,967
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**261,553,290**	261,285,620
Effect of dilution		
– Restricted share units	**–***	4,236,241
Number of shares		
Weighted average number of ordinary shares outstanding for the computation of diluted earnings per share	**261,553,290**	265,521,861

* The computation of diluted loss per share for the six months ended 30 June 2024 was made without the assumption of the exercise of restricted share units since their assumed exercise or conversion of such shares would result in a decrease in loss per share.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment *RMB'000*	Right-of-use assets *RMB'000*	Other intangible assets *RMB'000*
Carrying amounts at beginning of the period	803,347	90,390	1,110
Additions	98,730	–	1,649
Depreciation/amortisation charged for the period	(37,647)	(8,441)	(248)
Carrying amounts at end of the period (unaudited)	864,430	81,949	2,511

(a) As of 30 June 2024, certain of the Group's property, plant and equipment and land use right were pledged to secure the bank loans granted to the Group (note 19(a)).

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Non-current:		
Prepayments for other intangible assets	**4,012**	4,124
Prepayments for property, plant and equipment	**36,426**	17,203
Rental deposits	**5,797**	5,518
Advances to employees	**120**	69
Subtotal	**46,355**	26,914
Current:		
Prepayments for		
– Research and development expenses	**51,695**	49,393
– Raw materials	**12,023**	4,747
– Value-added tax recoverable	**21,586**	16,025
– Others	**12,532**	10,860
Other receivables		
– Advance payment for clinical research fee	**1,286**	42,734
– Individual income tax for share-based payment	**7,306**	4,891
– Rental deposits	**1,361**	1,638
– Advances to employees	**666**	1,484
– Receivable for research and development service income	**880**	880
– Other receivables	**5,528**	2,473
Total	**114,863**	135,125

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

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

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

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

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Unlisted equity investments	**17,738**	15,808

These insignificant unlisted equity investments are measured at fair value through other comprehensive income. The increase in fair value of these investments of RMB1,930,000 was recognised in the other comprehensive income for the six months ended 30 June 2024.

14. INVESTMENT IN A JOINT VENTURE

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Cost of investment in a joint venture	**21,000**	21,000
Share of accumulated loss of a joint venture	**(16,876)**	(15,178)
Total	**4,124**	5,822

The joint venture is indirectly held by the Company and is accounted for using the equity method in the consolidated financial statements.

Particulars of the Group's joint venture is as follows:

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

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

14. INVESTMENT IN A JOINT VENTURE (Continued)

Up to 30 June 2024, Tiannuo Pharma has been still a start-up company involved in research and development of biotechnology and pharmaceutical products. The following table illustrates the financial information of the joint venture, which is not material to the consolidated financial statements of the Group:

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Share of a joint venture's loss for the period/year	**(1,698)**	(4,748)
Share of a joint venture's total comprehensive loss for the period/year	**(1,698)**	(4,748)
Aggregate carrying amount of the Group's investment in a joint venture	**4,124**	5,822

15. TRADE RECEIVABLES

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

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Within 1 months	**12,798**	16,091

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

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Wealth management products	**137,279**	174,374

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

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

17. 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 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Within 3 months	**27,117**	13,913
3 to 6 months	**1,651**	2,365
6 months to 1 year	**536**	10,342
Over 1 year	**761**	2,868
Total	**30,065**	29,488

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

18. OTHER PAYABLES AND ACCRUALS

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Payroll payable	**35,053**	48,176
Payables for research and development expenses	**45,637**	63,604
Accrued professional fees	**700**	1,418
Other tax payables	**6,322**	1,820
Other payables:		
Payables for property, plant and equipment	**42,029**	31,502
Amounts due to partners of collaboration revenue	**27,138**	59,214
Payables for logistics services	**3,166**	6,790
Others	**5,350**	6,916
Total	**165,395**	219,440

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

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

19. INTEREST-BEARING BANK BORROWINGS

	30 June 2024		
	Effective interest rate (%)	**Maturity**	***RMB'000* (Unaudited)**
Current			
Bank loans – unsecured	**2.45-3.00**	**2024/10/29-2025/6/27**	**310,699**
Bank loans – secured	**Loan Prime Rate ("LPR")-1.2**	**2024/12/21-2025/6/21**	**33,063**
			343,762
Non-current			
Bank loans – secured	**LPR-1.2**	**2025-2027**	**323,326**
Bank loans – secured	**LPR-0.8**	**2025-2029**	**25,319**
			348,645
Total			**692,407**

	31 December 2023		
	Effective interest rate (%)	Maturity	*RMB'000* (Audited)
Current			
Bank loans – unsecured	3.00	2024/12/19	3,003
Bank loans – unsecured	2.65	2024/11/24	10,008
Bank loans – secured	LPR-1.2	2024/12/21	32,814
Subtotal			45,825
Non-current			
Bank loans – secured	LPR-1.2	2025-2027	331,834
Total			377,659

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

19. INTEREST-BEARING BANK BORROWINGS (Continued)

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans:		
Within one year or on demand	**343,762**	45,825
In the second year	**134,507**	68,195
In the third to fifth years, inclusive	**214,138**	263,639
Total	**692,407**	377,659

Notes:

(a) As of 30 June 2024, the Group secured its bank borrowings amounted to RMB381,708,000 (2023: RMB364,648,000) by:

(i) RMB356,389,000 (2023: RMB364,648,000) are secured by mortgages over the Group's machinery equipment of RMB440,584,000.

(ii) The Group committed to secure the above mentioned borrowings amounted RMB356,389,000 (2023: RMB364,648,000) by mortgages over the Group's buildings situated in Chengdu BioTown (成都生物城) after obtaining the property ownership certificate, which had net carrying amount at the end of the reporting period of approximately RMB184,678,000.

(iii) RMB25,319,000 are secured by mortgages over the Group's CIP and land use right with a total of net carrying amount at the end of the reporting period of RMB79,642,000.

(b) All borrowings are denominated in RMB.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

20. DEFERRED INCOME

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Government grants	**243,179**	228,194

The movements in deferred income during the period ended 30 June 2024 are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of the period/year	**228,194**	163,671
Grants received during the period/year	**16,000**	66,135
Amounts released to profit or loss during the period/year	**(1,015)**	(1,612)
At end of the period/year	**243,179**	228,194

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

21. SHARE CAPITAL/TREASURY SHARES

Issued and fully paid:

	Number of shares in issue	Number of shares fully paid	30 June 2024 RMB'000	30 June 2023 RMB'000
Ordinary shares of USD0.0001 each	279,735,566	266,137,544	**174**	171

Among these 279,735,566 issued ordinary shares, 13,598,022 shares remained unpaid as of 30 June 2024.

Treasury Shares

During the reporting period, the Company repurchased 1,004,500 shares with the total amount of RMB32,426,000 from the open market, which are held by Bright Season Enterprises Limited, a trust established for the 2022 Restricted Share Unit Scheme.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENTS

Restricted Share Units ("RSUs") Scheme

Pursuant to a written shareholders' resolution of the Company passed on 5 April 2021, a Restricted Share Unit Scheme (the "2021 RSU Scheme") has been approved for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operation. Up to 17,976,153 shares of the Company were authorised and approved under the 2021 RSU Scheme. The number of RSUs granted, the grant date, and the vesting period under the 2021 RSU Scheme will be determined at the discretion of the Company's board of directors. The Scheme shall be valid and effective for the period of ten years commencing on the listing date of 8 July 2022.

Pursuant to a written board resolution passed by the Company on 21 January 2022, a Restricted Share Unit Scheme (the "2022 RSU Scheme") has been approved to recognize and incentivize the grantee's contributions and to retain and further develop to attract outstanding employees. Under the 2022 RSU Scheme, the authorized and approved shares of the Company will not exceed 2% of the total issued share capital of the Company as at the grant date (i.e., not more than 5,594,711 shares). The number of RSUs granted, the grant date, and the vesting period under the 2022 RSU Scheme, shall be determined by the Company's board of directors. The 2022 RSU scheme was effective on 21 January 2022 and is valid for ten years. None RSU is granted under the 2022 RSU scheme during the period ended 30 June 2024.

Up to 30 June 2024, 4,136,000 shares have been repurchased from the open market and held under the 2022 RSU Scheme.

The RSUs under the 2021 RSU Scheme have respective vesting terms over 4 years or 3 years from the grant date. The RSUs shall be vested according to the vesting schedule: 25% or 33.3% of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 75% or 66.7% of the total number of RSUs shall be vested in three substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and then on up to the fourth anniversary of the grant date. The RSUs are granted with the subscription price of zero during the reporting period.

Movement of the outstanding RSUs during the period ended 30 June 2024 is as follows:

	Number of RSUs
At 1 January 2024	5,223,722
Granted during the period	821,981
Vested during the period	(1,498,855)
Forfeited during the period	(814,248)
At 30 June 2024 (Unaudited)	3,732,600

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENTS (Continued)

Restricted Share Units ("RSUs") Scheme (Continued)

The fair values of RSUs for granted during the reporting periods were determined with reference to the closing price of ordinary shares of the Company traded publicly on the Hong Kong Stock Exchange at the grant date or the previous trading day.

The Group recognised share-based payment expenses of RMB17,634,000 under the 2021 RSU Scheme for the period ended 30 June 2024 (six month ended 30 June 2023: RMB15,683,000), including the reversal of RMB10,999,000 (six month ended 30 June 2023: RMB4,023,000) for forfeited RSU.

23. RESERVES

The Group

The amounts of the Group's deficits and the movements therein for the six months ended 30 June 2024 are presented in the consolidated statement of changes in equity on page 39 of the consolidated financial statements.

Share premium

The share premium of the Group represents: 1) conversion of redeemable convertible preferred shares into ordinary shares upon IPO, 2) the issue of ordinary shares upon IPO and exercise of over-allotment option, and 3) the transfer of share-based payments to share premium resulting from the exercise of RSUs.

Share-based payments reserve

The share-based payments reserve of the Group represents the share-based payments reserve in respect of equity-settled share awards.

Other reserve

The other reserve of the Group represents the changes in fair value of equity investments measured at fair value through other comprehensive income and the exchange differences on translation of foreign operations.

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

24. COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Purchase of property, plant and equipment	**222,859**	228,008

25. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel of the Group:

	For the Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, bonuses, allowances and benefits in kind	**8,372**	9,534
Pension scheme contributions	**217**	402
Equity-settled share-based payments	**5,430**	6,959
Performance related bonuses	**697**	1,081
Total	**14,716**	17,976

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

26. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

As at 30 June 2024 (Unaudited)

	Financial assets at amortised cost *RMB'000*	Financial assets at FVTPL *RMB'000*	Financial assets at FVTOCI *RMB'000*	Total *RMB'000*
Trade receivables	**12,798**	**–**	**–**	**12,798**
Financial assets included in prepayments, other receivables and other assets	**22,944**	**–**	**–**	**22,944**
Other investments classified as financial assets at FVTPL – Wealth management products	**–**	**137,279**	**–**	**137,279**
Equity investments designated at FVTOCI	**–**	**–**	**17,738**	**17,738**
Time deposits	**1,729,557**	**–**	**–**	**1,729,557**
Cash and cash equivalents	**709,912**	**–**	**–**	**709,912**
Total	**2,475,211**	**137,279**	**17,738**	**2,630,228**

As at 31 December 2023 (Audited)

	Financial assets at amortised cost *RMB'000*	Financial assets at FVTPL *RMB'000*	Financial assets at FVTOCI *RMB'000*	Total *RMB'000*
Trade receivables	16,091	–	–	16,091
Financial assets included in prepayments, other receivables and other assets	59,687	–	–	59,687
Other investments classified as financial assets at FVTPL – Wealth management products investment	–	174,374	–	174,374
Equity investments designated at FVTOCI	–	–	15,808	15,808
Restricted cash	1,775	–	–	1,775
Time deposits	1,693,783	–	–	1,693,783
Cash and cash equivalents	851,029	–	–	851,029
Total	2,622,365	174,374	15,808	2,812,547

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

26. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

As at 30 June 2024 (Unaudited)

	Financial liabilities at amortised cost ***RMB'000***
Trade payables	**30,065**
Interest-bearing bank borrowings	**692,407**
Financial liabilities included in other payables and accruals	**77,683**
Total	**800,155**

As at 31 December 2023 (Audited)

	Financial liabilities at amortised cost *RMB'000*
Trade payables	29,488
Interest-bearing bank borrowings	377,659
Financial liabilities included in other payables and accruals	107,294
Total	514,441

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the Chief Finance Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the Chief Finance Officer for the six months ended 2023 and 2024. The finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2024 were assessed to be insignificant.

The fair values of the wealth management products which were all issued by reputable commercial banks have been estimated by using discounted cash flow valuation models with reference to observable inputs including volatilities of gold price, S&P 500 index and credit spreads of debt issuers etc.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 30 June 2024 and 31 December 2023:

	Valuation technique	Significant unobservable inputs
Equity investments designated at FVTOCI	Valuation multiples	Average P/S multiple of peers Discount for lack of marketability
	Recent transaction price	N/A

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2024 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets				
Other investments classified as financial assets at FVTPL				
– Wealth management products investment	–	137,279	–	137,279
Equity investments designated at FVTOCI	–	–	17,738	17,738
Total	–	137,279	17,738	155,017

As at 31 December 2023 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets				
Other investments classified as financial assets at FVTPL				
– Wealth management products investment	–	174,374	–	174,374
Equity investments designated at FVTOCI	–	–	15,808	15,808
Total	–	174,374	15,808	190,182

Notes to Interim Condensed Consolidated Financial Information (continued)

For the six months ended 30 June 2024

28. EVENTS AFTER THE REPORTING PERIOD

On 9 July 2024, the Group and Belenos Biosciences, Inc. ("Belenos") have entered into an out-license agreement (the "License Agreement"), pursuant to which the Group grants Belenos the exclusive right to develop, manufacture and commercialise the Group's drug candidates, CM512 and CM536, globally excluding the Greater China region. CM512 and CM536 are both in-house developed bispecific antibodies.

Subject to terms and conditions of the License Agreement, Belenos is granted an exclusive license for research, development, registration, manufacturing, and commercialization of CM512 and CM536 in the Licensed Region. In return, the Group shall receive an upfront and near-term payment of US$15 million and approximately 30.01% of the equity interest in Belenos as consideration. Subject to achievement of certain development, regulatory and commercial milestones, the Group may also receive additional payments up to US$170 million. The Group is also entitled to receive tiered royalties from Belenos on net sales during a specified time period beginning after the first commercial sales of CM512 and CM536. Except as otherwise agreed, Belenos will be responsible for bearing the costs of all development, regulatory and commercialisation activities of CM512 and CM536 in the Licensed Region.

As of the date of issue of the interim condensed financial information, the Group has received the upfront payment of US$10 million and 30.01% of the equity interest in Belenos.

29. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Company's Board of Directors on 27 August 2024.