Transcenta Holding Limited

(registered by way of continuation in the Cayman Islands with limited liability)

Stock Code: 6628

CONTENTS

Company Profile

OVERVIEW

We are a clinical stage biopharmaceutical company that integrates the capacities of discovery, research, development, manufacturing and business development. Our management team and the key operations, including clinical development, regulatory access and business development are based both in China and the United States, whereas our discovery, research and development, process development and manufacturing teams are based in China. We adopt a global approach to maximize operational efficiency. Concurrently, we leverage the efficient regulatory approval pathway to accelerate the IND applications and early-phase clinical trials in the United States and to advance clinical trials in the indications with significant unmet medical needs from the large patient population in China. We design trials that allow clinical data from each trial to be used for pooled analysis and for supporting registration, including China, the United States and countries in Europe. In addition, clinical data from multi-regional clinical trials will enable future indication expansion for the drug(s) investigated in the countries and regions where we plan for.

We have developed a unique antibody discovery platform, the Immune Tolerance Breaking ("IMTB") technology platform, which enables us to generate antibodies to both non-conserved and conserved proteins that are difficult to generate in rodents and to discover hidden epitopes that are challenging to discover by using conventional platforms. Our IMTB technology platform allows us to obtain lead candidate antibodies with expanded epitope diversity, differentiated biological properties (specificity, affinity and pharmacokinetics) and desirable CMC profiles, resulting in selecting candidate molecules with enhanced druggability attributes and intellectual property position. Leveraging this IMTB technology platform, we have generated TST001, which targets a conserved epitope on Claudin 18.2, and MSB2311, an antibody targeting programmed death-ligand 1 (PD-L1), a type of protein that controls immune responses, and binding to an epitope that conferred MSB2311 with pH-dependent antigen binding property.

Furthermore, we established a translational research team that is capable of (i) conducting an immunohistochemistry (IHC) based protein expression analysis of the drug target protein in both human and animal tissue samples of various disease models or cell lines; (ii) conducting studies to evaluate the *in vivo* disease intervention activities of the investigational agents using tumor models grown in mouse or models of bone and kidney diseases; and (iii) analyzing the pharmacokinetics and pharmacodynamics profile of the investigational agents. Our translational research team enables us to model tumor responses to our investigational agents and to better understand pharmacokinetics/pharmacodynamics (PK/PD) profiles, which guides design and conduct of clinical study and evaluates the options of combination therapy with agents targeting different signaling disease pathways. We also have a platform that allows us to screen antibodies for target-detection using immunohistochemistry and to develop immunohistochemistry detection assay for patient selection in clinical trials, which allows us to maximize potential trial success by enrolling patients with a high probability of responding to the drug treatment in selected indications.

Our discovery and global development capabilities have enabled us to build diversified pipeline of innovative and promising antibodies in therapeutic areas with unmet medical needs including oncology, nephrology and bone diseases. As of the Latest Practicable Date, we have discovered and developed eight of nine drug candidates in-house, covering both validated, partially validated and novel biological pathways. In particular, we have one core product: MSB2311, a humanized PD-L1 monoclonal antibody (mAb) candidate for TMB-H solid tumors; and four key drug candidates: TST001, a humanized Claudin 18.2 mAb candidate for solid tumors such as gastric cancer; TST005, a PD-L1/TGF-β (transforming growth factor beta is a multipotent growth factor affecting cell differentiation, proliferation, apoptosis and matrix production) bi-functional antibody candidate for solid tumors including certain lung cancers; TST002 (Blosozumab), a humanized sclerostin mAb candidate for osteoporosis; and TST004, a humanized MASP-2 (mannan-binding lectin serine protease 2, an indispensable enzyme for the activation of the lectin pathway of complement) mAb candidate for IgA kidney diseases. All of MSB2311, TST001, TST005 and TST004 are developed in house.

Company Profile

In addition to the above drug candidates, we are also developing a number of early-stage innovative biotherapeutic candidates. For example, we are developing TST003, a potentially the first therapeutic antibody candidate around the world targeting a novel immune regulatory protein produced by tumor-associated fibroblasts or tumor cells with mesenchymal phenotype. Furthermore, we have developed TST008, a tri-functional antibody combining a MASP2 antibody fused with a truncated transmembrane activator and CAML interactor (TACI) protein, which has the potential for the treatment of autoimmune disease such as systemic lupus erythematosus (SLE).

Our CMC function is capable of developing efficient manufacturing processes to support speed to clinical trial and speed to market while ensuring products meet regulatory requirements and are safe, efficacious and consistent between batches throughout product life cycle. We have established a modular GMP (good manufacturing practice) facility, T-BLOC, in Hangzhou, which has two 500L and one 2,000L single use bioreactor and two downstream purification trains. This highly flexible facility supports both fed-batch and continuous perfusion processes with an overall projected annual capacity of over one metric ton (1,000 kg). To increase productivity of conventional fed-batch processes, we have implemented intensified fed-batch processes (high seeding cell density using perfusion seed bioreactor), in which we have demonstrated increases in process output by greater than 100% over conventional fed-batch processes. To maximize facility output with significant lower cost of goods, improve process robustness and minimize operational risks, we are developing and implementing a continuous manufacturing platform called Integrated Continuous Bioprocessing ("ICB"), where a proprietary and highly productive continuous upstream perfusion process will be integrated with an automated and continuous downstream process that we are co-developing with Merck. By leveraging the power of ultra-high cell density continuous perfusion process and our proprietary cell culture media, we have demonstrated industry leading volumetric productivities of over 6 g/L-day and output increases for multiple cell lines of up to 10 to 20-fold when compared to conventional fed-batch processes. As of the Latest Practicable Date, we have successfully implemented continuous upstream perfusion process into GMP manufacturing for TST005 and TST001. According to the CIC Report, we are one of the only three companies in China that has implemented continuous perfusion process for GMP clinical supply. This platform can also enhance the control of product quality and can produce both stable and less stable antibodies such as some multi-specific antibodies or novel protein formats, which facilitates standardization of biomanufacturing.

Our core management team members have an average of greater than 15 years of industry experience with proven track record and a well-balanced combination of expertise spanning research, clinical development, manufacturing, planning and financing. Our shareholders consist of global and Chinese biotechnology-focused specialist funds and biopharmaceutical platforms experienced in supporting and growing biopharmaceutical companies. Therefore, we benefit from their resources and industry expertise. As of the Latest Practicable Date, in relation to our core product, we owned one issued patent in each of China, the United States, Macau, Russia and Hong Kong, one pending patent application in each of China and the United States and six pending patent applications in other jurisdictions. As of the Latest Practicable Date, in relation to our key products, we owned three PCT priority applications, two pending PCT applications and two pending patent applications in Taiwan, and co-owned one PCT priority application with our collaborator, Beijing Cancer Hospital. In addition, we also in-licensed one issued Chinese patent in relation to TST002.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Xueming Qian (錢雪明) *(Chief executive officer)*
Dr. Michael Ming Shi (石明)
Mr. Albert Da Zhu (朱達)

Non-Executive Director

Dr. Yining (Jonathan) Zhao (趙奕寧)
(Chairman of the Board)

Independent Non-Executive Directors

Mr. Jiasong Tang (唐稼松)
Dr. Jun Bao (包駿)
Mr. Zhihua Zhang (張志華)

AUDIT COMMITTEE

Mr. Jiasong Tang (唐稼松) *(Chairperson)*
Dr. Yining (Jonathan) Zhao (趙奕寧)
Mr. Zhihua Zhang (張志華)

REMUNERATION COMMITTEE

Dr. Jun Bao (包駿) *(Chairperson)*
Mr. Jiasong Tang (唐稼松)
Mr. Zhihua Zhang (張志華)

NOMINATION COMMITTEE

Mr. Zhihua Zhang (張志華) *(Chairperson)*
Dr. Xueming Qian (錢雪明)
Dr. Jun Bao (包駿)

JOINT COMPANY SECRETARIES

Mr. Albert Da Zhu (朱達)
Ms. Leung Kwan Wai (梁君慧)
(Associate of The Chartered Governance Institute, Associate of The Hong Kong Chartered Governance Institute)

AUTHORISED REPRESENTATIVES

Dr. Xueming Qian (錢雪明)
Ms. Leung Kwan Wai (梁君慧)

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Corporate Information

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China

STOCK CODE

6628

COMPANY WEBSITE

http://www.transcenta.com/

Financial Highlights

- Our research and development expenses increased by RMB89.8 million from RMB77.1 million for the six months ended June 30, 2020 to RMB166.9 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase of pre-clinical test expenses, clinical test expenses and staff costs for research and development of our pipelines.
- Our other net gains and losses changed from losses of RMB3.2 million for the six months ended June 30, 2020 to losses of RMB762.5 million for the six months ended June 30, 2021. The changes were primarily due to fair value loss of financial liabilities at fair value through profit or loss as a result of our issuance of preferred shares to investors.
- As at June 30, 2021, our Group's bank balances and cash increased to RMB957.6 million from RMB813.6 million as at December 31, 2020. The increase was primarily resulted from cash inflows from our series C financing and bank borrowings and partially offset by the cash outflows used in our daily operation and product development activities.

Business Highlights

Company made significant progress in advancing its pipeline programs:

- In April 2021, we initiated a Phase 1 trial of TST001 in combination with chemotherapy as a first-line treatment of gastric cancer to establish the safety and tolerability of this combination.
- In May 2021, we also started a Phase 1 trial of TST001 in combination with chemotherapy as a second-line treatment of gastric cancer and dosed multiple patients.
- In July 2021, TST001 was granted orphan drug designation for the treatment of gastric cancer including esophagogastric junction cancer by the FDA.
- In August 2021, we completed the single agent Phase 1a trial for TST001 in China and started a Phase 2a trial for late-line gastric cancer. The first patient was dosed on August 17, 2021.
- Encouraging clinical activities has been obtained for Phase 1 trial results of MSB2311.
- The first site of the Phase I trial of TST005 in the United States was activated and the first patient was enrolled in July 2021.
- We have initiated a global Phase I trial for TST005 to simultaneously develop TST005 both in China and the United States.
- We also filed an IND application for TST005 with the NMPA in China in September 2021.
- Our IND application for TST002 was formally accepted by the NMPA on July 6, 2021 and we have received IND approval from the NMPA on September 22, 2021.

Company expanded its manufacturing facility by establishing a GMP fill and finish line in HJB (Hangzhou) Co., Ltd. which has been put in use for drug product manufacturing. We have also made significant progress in continuous perfusion based processing technology and achieved over 6 g/L-day yield for one of our monoclonal antibody molecules and successfully scaled up perfusion process to GMP commercial scale for TST001.

Management Discussion and Analysis

BUSINESS REVIEW

During the first half of 2021, we derived substantially all of our revenues from providing CDMO services to customers, primarily pharmaceutical and biotechnology companies, under CDMO contracts. We currently have no product approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses during the Reporting Period. Our total comprehensive expenses for the first half of 2021 was RMB994.3 million. Substantially all of our operating losses resulted from research and development expenses and administrative expenses.

We expect to incur significant expenses and operating losses for at least the next several years as we further our research and development efforts, continue the clinical development of and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to operate the integrated platform with an advanced clinical candidate pipeline of products. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate quarterly and yearly due to the development status of our drug candidates, our efforts to obtain regulatory approval and commercialize our drug candidates.

Management Discussion and Analysis

Our Drug Pipeline

We have established a pipeline of nine innovative molecules in oncology, bone disorders and nephrology. Most of these are discovered and developed in house with one pipeline candidate acquired through in-licensing. The following chart summarizes drug candidates that are currently under development in China and worldwide across various therapeutic areas:

	Drug candidate	Target	Pathway(1)	Indications(2)	Clinical trial region	Preclinical	IND	Phase 1a	Phase 1b/ Phase 2a	Pivotal Phase 2b /Phase 3	Rights	Partner
Oncology	MSB2311*	PD-L1	Validated	TMB-H solid tumors	China	Monotherapy					Global	In-house
				Other solid tumors	China	Monotherapy						
				Solid tumors	China	Combo with VEGFRi						
				Solid tumors	United States	Monotherapy						
	TST001†	Claudin 18.2	Partially validated	Solid tumors	Global(3)	Monotherapy					Global	In-house
				Late-line gastric cancer	China	Monotherapy						
				Second-line gastric cancer	Global(3)	Combo with chemo						
				First-line gastric cancer	Global(3)	Combo with chemo						
				Other solid tumors(4)	Global(3)	Monotherapy						
	TST005†	PD-L1/TGF-β Bi-functional	Partially validated	Solid tumors (HPV+ and NSCLC, etc.)	Global(3)	Monotherapy					Global	In-house
	MSB0254	VEGFR2	Validated	Solid tumors	China	Monotherapy					Global	In-house
	TST003	BMP Antagonist (FIC)	Novel	Solid tumors	Global(3)	Monotherapy					Global	In-house
	TST006	Claudin 18.2/PD-L1 Bi-specific (FIC)	Novel	Solid tumors	Global(3)	Monotherapy					Global	In-house
Non-Oncology	TST002†	Sclerostin	Validated	Osteoporosis	China	Monotherapy					Greater China	In-licensed from Eli Lilly
	TST004†	MASP2	Partially validated	IgA nephropathy TMA	Global(3)	Monotherapy					Global	Co-development with Alebund in Greater China(5)
	TST008	MASP2-TACI Tri-functional (FIC)	Novel	SLE	Global(3)	Monotherapy					Global	In-house

Abbreviations: PD-L1=Programmed death-ligand 1; VEGFR2=Vascular endothelial growth factor receptor 2; TGF-β=Transforming growth factor beta; MASP2=Mannan-binding lectin serine protease 2; IND=Investigational new drug; FIC=First in class; HPV=Epstein-Barr Virus; BMP Antagonist=Bone morphogenetic protein Antagonist; TACI=transmembrane activator and CAML interactor; CAML=calcium-modulator and cyclophilin ligand; NSCLC=Non-small cell lung cancer; SLE=Systemic lupus erythematosus; TMA=Thrombotic microangiopathy; IgA nephropathy=Immunoglobulin A nephropathy; Combo=Combination; Chemo=Chemotherapy; VEGFRi=Vascular endothelial growth factor receptor 2 inhibitor

(1) Validated=At least one successful registration-enabling clinical trial has been implemented for the corresponding target; Partially validated=At least one proof of concept clinical trial has been implemented; Novel=No successful proof of concept clinical trial has been implemented.

(2) Solid tumors in the "Indications" column include all the tumor types other than hematologic malignancies. The particular tumor types as indications for each product depends on the mechanism of action of the corresponding drug candidate and emerging or established pre-clinical/clinical evidences. See the subsections headed "Clinical Development Plan" for each of our drug candidates in "Business" section of the Prospectus for the specific tumor types targeted for clinical development.

(3) Represents Asia (including China), United States, European Union and Oceania.

(4) Represent Claudin 18.2 expressing solid tumor types other than gastric cancer, such as esophageal cancer, pancreatic cancer and biliary tract cancer.

(5) A substantial shareholder of our Company, LAV Group, holds less than 30% of shares in Shanghai Alebund Pharmaceuticals Limited (上海禮邦醫藥科技有限公司) ("Alebund Pharmaceuticals"). TST004 is discovered by us and will be further developed by a joint venture established by Alebund Pharmaceuticals and us. Greater China represents mainland China, Hong Kong SAR, Macau SAR and Taiwan.

** Denotes a core product. We obtained an umbrella approval from the NMPA to conduct Phase 1b studies for MSB2311 as monotherapy in China on various types of solid tumors. For TMB-H solid tumors, we also obtained the permission from the NMPA to conduct a Phase 2 trial. For solid tumors other than TMB-H tumors, we are currently conducting Phase 1b studies, which essentially have the same scope with Phase 2a studies. Before we start Phase 2b studies for solid tumors other than TMB-H tumors, we will communicate with the NMPA to obtain approvals.*

† Denotes a key product.

Management Discussion and Analysis

Clinical Development Milestones and Achievements during the Reporting Period

During the first half of 2021, we have made significant progress in multiple clinical stage and IND stage of our pipeline assets, including the following milestones and achievements:

TST001 (A Humanized Claudin 18.2 mAb for Solid Tumors)

- TST001, one of the key products in our oncology pipeline, is a high-affinity humanized antibody specifically targeting Claudin 18.2, which is commonly expressed in multiple tumor type cancers, including gastric/gastroesophageal junction cancer, pancreatic cancer, and other types of solid tumors.
- We have made significant progress in the TST001 (Anti-Claudin 18.2 mAb) clinical development program in 2021. In terms of development progress of Claudin 18.2 drug candidates, our TST001 is ranked among the top two candidates globally and is ranked the first in China. TST001 is also the first Claudin 18.2 drug candidate developed by a Chinese company to enter Phase II clinical trials and the first Claudin 18.2 drug candidate to be developed simultaneously in China and the United States.
- In April 2021, we initiated a Phase 1 trial of TST001 in combination with chemotherapy as a first-line treatment of gastric cancer to establish the safety and tolerability of this combination.
- In May 2021, we also started a Phase 1 trial of TST001 in combination with chemotherapy as a second-line treatment of gastric cancer and dosed multiple patients.

TST005 (A PD-L1/TGF-β Bi-functional Antibody Candidate for Solid Tumors)

- One of our key oncology products TST005, a bi-functional antibody designed to simultaneously target two immunosuppressive pathways, transforming growth factor-β (TGF-β) and programmed cell death ligand-1 (PD-L1), that are commonly used by cancer cells to evade the immune system, has entered the clinical development in 2021.
- We filed an IND application for TST005 with the FDA in March 2021 and obtained IND clearance from the FDA in April 2021 for initiating Phase I clinical trial of TST005 in the United States.
- We have established a perfusion-based process for the production of TST005 for clinical material.

MSB2311 (A Humanized PD-L1 mAb Candidate for Solid Tumors)

- Our core product, MSB2311, is a second-generation PD-L1 inhibitor with unique differentiation from other PD-(L)1 antibodies.
- We submitted an End of Phase 1 analysis report to the NMPA and received the permission to conduct a Phase 2 trial for patients with TMB-H solid tumors in January 2021.
- Encouraging clinical activities has been obtained for Phase 1 trial results of MSB2311 and the data has been reported at American Society of Clinical Oncology (ASCO) 2021.

MSB0254 (A Humanized VEGFR-2 mAb Candidate for Solid Tumors)

- MSB0254 is a high affinity humanized antibody against VEGFR2, with an anti-tumor mechanism of action by inhibiting tumor angiogenesis. MSB0254 has been generated using our in-house hybridoma platform.
- As of March 2021, Ramucirumab of Eli Lilly is the only VEGFR2 antibody drug approved by the FDA in the United States with indications including monotherapy or combination treatment with chemotherapy for gastric cancer, second line treatment of metastatic colorectal cancer, hepatocellular carcinoma and first-line treatment for metastatic EGFR-mutated NSCLC.

Management Discussion and Analysis

TST002 (Blosozumab)(A Humanized Sclerostin mAb for Osteoporosis)

- TST002, one of our key products, is a humanized antibody with neutralizing activity against sclerostin that we in-licensed the Great China rights from Eli Lilly. TST002 (Blosozumab) has completed phase 2 trials by Eli Lilly in postmenopausal women in the United States and Japan, and has been shown to induce statistically significant dose-dependent increases in spine, femoral neck, and total hip bone mineral density (BMD) as compared with placebo. In the highest dose group, BMD increased by 17.7% at the spine, and 6.2% at the total hip from baseline within 12 months.
- In June 2021, we submitted an IND application for TST002 for postmenopausal osteoporosis in China to NMPA.

TST004 (A Humanized MASP-2 mAb Candidate for Kidney Diseases)

- TST004, one of our key products, is a humanized mAb targeting mannan-binding lectin serine protease 2 (MASP2) and designed to prevent the lectin pathway complement-mediated inflammation and tissue damage.
- TST004 is currently at IND-enabling stage.

Post-Reporting Period (Expected) Milestones and Achievements

We have continued to make strong efforts in advancing the development of our drug candidates in the pipeline after the Reporting Period, and obtained the following milestones and achievements:

TST001

- In July 2021, TST001 was granted orphan drug designation for the treatment of gastric cancer including esophagogastric junction cancer by the FDA.
- In August 2021, we completed the single agent Phase 1a trial for TST001 in China and started a Phase 2a trial for late-line gastric cancer. The first patient was dosed on August 17, 2021.
- We have established and optimized an IHC based detection assay for Claudin 18.2 protein expression analysis in tumor tissue samples by central lab for patient screening.
- We have engaged a credible MNC company experienced in Companion Diagnostics (CDx) development to help us to develop CDx for registration trial and commercial application.
- We have optimized the CMC process for GMP production of TST001 for pivotal trial.

TST005

- The first site of the Phase I trial of TST005 in the United States was activated and the first patient was enrolled in July 2021.
- We have initiated a global Phase I trial for TST005 to simultaneously develop TST005 both in China and the United States.
- We also filed an IND application for TST005 with the NMPA in China in September 2021.

Management Discussion and Analysis

MSB0254

- We are completing Phase 1a dose-escalation study and has established a recommended Phase 2 dose (RP2D).
- We are in the process of starting a cohort expansion study in some anti-angiogenesis sensitive tumors such as HCC to confirm the safety of the RP2D and serve the proof of concept purpose.

TST002 (Blosozumab)

- Our IND application was formally accepted by the NMPA on July 6, 2021 and we have received IND approval from the NMPA on September 22, 2021.
- We plan to initiate a Phase 1 study of TST002 in osteoporosis patients upon IND clearance.

TST004

- We plan to file IND in the United States in the first half of 2022 and followed by IND filing in China.
- We plan to develop TST004 for IgA nephropathy (IgAN), a highly prevalent chronic kidney disease with very limited treatment options. It also has potential in several other indications, such as thrombotic microangiopathy (TMA) as well as potential in other diseases due to complement pathway activation.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company cannot guarantee that it will be able to develop, or ultimately market, any of the above drug candidates successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

Technology development & facility expansion

During the Reporting Period, we have established a GMP fill and finish line in HJB (Hangzhou) Co., Ltd. and it has been used for drug product manufacturing. We have also made significant progress in continuous perfusion based processing technology and achieved over 6 g/L-day yield for one of our monoclonal antibody molecules and successfully scaled up perfusion process to GMP commercial scale for TST001.

Future Commercial Development Plans

We are developing marketing strategies, including value and access strategies for our pipeline assets so as to ensure a successful commercialization of our core product and key products. We have been actively exploring strategic partnership opportunities in China and globally to leverage our core strengths and maximize the commercial value of our pipeline assets.

In the meaning time, we plan to seek partnership once we have obtained Phase 1b data for TST001 and are planning to build a second GMP manufacturing facility in Suzhou.

Management Discussion and Analysis

Future and Outlook

Our management believes that the Company has established solid foundations for future growth: (1) experienced management team with complimentary skills; (2) integrated platform from lead discovery, translational research, CMC, clinical development to manufacturing; (3) diversified and risk balanced portfolio of innovative pipeline molecules; and (4) global approach for clinical development and partnership.

Our investments in both oncology (TST001, TST003, TST004 & MSB2311), bone (TST002) and kidney diseases (TST004) enabled us to take advantage of the key demographic changes due to increasing aging populations and significant market potentials.

The latest regulatory policies being employed by both the FDA and NMPA provide a sustainable framework for developing innovative medicines in a speedy manner.

In particular, the Company expects that multiple clinical milestones will be achieved during the 12 months for our key drug candidate TST001 including the completion of phase 1b study in late line Claudin 18.2 expressing tumors, the initiation of pivotal trials in both first line and late line gastric cancers. We believe Claudin 18.2 targeted agent like TST001 has significant clinical benefits and commercial potential and will be a key program for the Company.

However, the competition in Claudin 18.2 field is intense. Multiple factors, including a well differentiated antibody TST001, a strong CMC team in house, global approach to clinical trial design and operation and the simultaneously developed CDx kit, provided the Company a high probability to succeed in the competition of development of Claudin 18.2 targeting agent. Well planned and timely execution of our pivotal trials will be critical for continuously securing the Company's leadership position in Claudin 18.2 antibody based therapy and future market share in this therapeutic class.

Our extensive experience in employing continuous perfusion bioprocessing technology in the current facility in Hangzhou and second manufacturing site in Suzhou will provide us the advantage of lower cost of good and higher supply capacity, ensuring a competitive pricing advantage in serving the large number of potential patient population for our product candidates.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On September 29, 2021, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issue of 40,330,000 new shares of par value of US$0.0001 each at the offer price of HK$16.0 per share. The gross proceeds arising from the Listing amounted to approximately HK$645 million.

Save as disclosed above, there are no important events that have occurred after the end of Reporting Period and up to the date of this interim report.

Management Discussion and Analysis

FINANCIAL REVIEW

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	**26,685**	28,309
Cost of sales	**(22,165)**	(17,170)
Gross profit	**4,520**	11,139
Other income	**11,209**	5,492
Other gains and losses, net	**(762,548)**	(3,232)
Impairment losses under expected credit loss model	**(2,940)**	–
Selling expenses	**(2,275)**	(710)
Research and development expenses	**(166,901)**	(77,148)
Administrative expenses	**(39,940)**	(42,808)
Share of loss of a joint venture	**(94)**	–
Finance costs	**(6,618)**	(7,113)
Listing expenses	**(29,453)**	–
Loss before tax	**(994,950)**	(114,380)
Income tax credit	**55**	55
Loss for the period	**(994,895)**	(114,325)
Other comprehensive income (expense) for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of a foreign operation	**611**	(816)
	(994,284)	(115,141)
Loss for the period attributable to:		
– Owners of the Company	**(994,284)**	(112,084)
– Non-controlling interests	**–**	(2,241)
	(994,284)	(114,325)
Total comprehensive expenses for the period attributable to:		
– Owners of the Company	**(994,284)**	(112,900)
– Non-controlling interests	**–**	(2,241)
	(994,284)	(115,141)
Loss per share		
– Basic and diluted (RMB)	**(10.19)**	(1.73)

Management Discussion and Analysis

1. Revenue

For the six months ended June 30, 2021, the Company primarily generated revenue by providing CDMO services to our customers. Our revenue from CDMO services for the Reporting Period was RMB26.7 million, which was relatively stable as compared to the six months ended June 30, 2020.

2. Cost of Sales

Cost of sales primarily consists of salaries, raw material and consumables used for provision of CDMO services, depreciation and amortization expenses, traveling and transportation expenses, service and maintenance expenses, and others. For the six months ended June 30, 2021, the Group recorded cost of sales of RMB22.2 million as compared with RMB17.2 million for the six months ended June 30, 2020, mainly attributable to the increase of material costs and service fees.

3. Other Income

Other income consists of bank interest income, promissory note interest income and government grants. Government grants represent various subsidies granted by the PRC local government authorities to our subsidiaries as incentives for our research and development activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognized when payments were received.

For the six months ended June 30, 2021, other income of our Group increased by 104.1% to RMB11.2 million, from RMB5.5 million for the six months ended June 30, 2020. The increase was primarily due to an increase of government grants we received during the six months ended June 30, 2021.

The following table sets forth the breakdown of our other income for the period indicated.

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**842**	1,618
Promissory note interest income	**1,368**	–
Government grants	**8,999**	3,874
Total	**11,209**	5,492

4. Other Gains and Losses, Net

Our other net gains and losses changed from losses of RMB3.2 million for the six months ended June 30, 2020 to losses of RMB762.5 million for the six months ended June 30, 2021. The changes were primarily due to fair value loss of financial liabilities at fair value through profit or loss as a result of our issuance of preferred shares to investors.

Management Discussion and Analysis

5. *Research and Development Expenses*

Our research and development expenses increased by 116.3% from RMB77.1 million for the six months ended June 30, 2020 to RMB166.9 million for the six months ended June 30, 2021, primarily due to (1) the increase in pre-clinical test expenses and clinical test expenses with the progress of research and development activities of our pipelines; and (2) the increase in staff costs accompanied with the expansion of our research and development department.

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

	Six months ended June 30,		**Changes**	
	2021	2020		
	RMB'000	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)		
Pre-clinical test expenses	**73,788**	20,139	53,649	266.4
Staff cost	**42,530**	33,206	9,324	28.1
Clinical test expenses	**24,885**	9,344	15,541	166.3
Materials consumed	**6,880**	4,432	2,448	55.2
Depreciation and amortization expenses	**13,592**	7,325	6,267	85.6
Others	**5,226**	2,702	2,524	93.4
Total	**166,901**	77,148	89,753	116.3

6. *Administrative Expenses*

Our administrative expenses decreased by 6.7% from RMB42.8 million for the six months ended June 30, 2020 to RMB39.9 million for the six months ended June 30, 2021, primarily due to the decrease of share-based payment expenses.

7. *Listing Expenses*

Our listing expenses was nil for the six months ended June 30, 2020 and RMB29.5 million for the six months ended June 30, 2021 with the progress of our initial public offering.

8. *Income Tax Credit*

Our income tax credit remained as RMB55,000 for the six months ended June 30, 2020 and June 30, 2021.

Management Discussion and Analysis

9. Trade and other receivables

There was an increase in our trade and other receivables from RMB41.7 million as at December 31, 2020 to RMB47.7 million as at June 30, 2021.

Our trade and other receivables primarily consist of trade receivables, promissory note receivables, interest receivable, prepayments made in connection with research and development services, legal and professional services and purchase of raw materials, deferred issue costs and others.

Our trade receivables increased by RMB1.3 million from RMB16.4 million as at December 31, 2020 to RMB17.7 million as at June 30, 2021, primarily due to the increase in CDMO services provided to our customers for the six months ended June 30, 2021. In general, the increase in our trade and other receivables from RMB41.7 million as at December 31, 2020 to RMB47.7 million as at June 30, 2021 was primarily due to the increase in prepayments made in connection with research and development services and deferred issue costs.

10. Trade and other payables

Our trade and other payables increased from RMB88.7 million as at December 31, 2020 to RMB96.3 million as at June 30, 2021. Our trade payables primarily arise from our purchase of raw materials and third-party contracting services. Our trade payables increased from RMB34.4 million as at December 31, 2020 to RMB47.0 million as at June 30, 2021, primarily due to the increase in the purchase of raw materials as we provided more CDMO services to customers. On the other hand, our other payables for purchase of property, plant and equipment decreased by RMB6.2 million from RMB10.9 million as at December 31, 2020 to RMB4.7 million as at June 30, 2021 was primarily due to payments we made in the six months ended June 30, 2021 in relation to the settlement of property, plant and equipment related payables in 2020.

11. Liquidity and Source of Funding and Borrowing

As at June 30, 2021, the Group's bank balances and cash increased to RMB957.6 million from RMB813.6 million as at December 31, 2020. The increase was primarily resulted from cash inflows from our series C financing and bank borrowings, partially offset by the cash outflows used in our daily operation and product development activities.

As at June 30, 2021, the current assets of our Group were RMB1,030.4 million, including inventories of RMB25.1 million, trade and other receivables of RMB37.7 million, contract costs of RMB10.0 million and bank balances and cash of RMB957.6 million. As at June 30, 2021, the current liabilities of our Group were RMB328.8 million, including trade and other payables of RMB96.3 million, contract liabilities of RMB4.0 million, bank borrowings of RMB220.4 million and lease liabilities of RMB8.1 million.

The borrowings made and cash and cash equivalents held by the Group were denominated in Renminbi and U.S. dollars. As at June 30, 2021, RMB303.2 million of the Group's borrowings were at fixed interest rates.

As at December 31, 2020, the current assets of our Group were RMB891.5 million, including inventories of RMB7.9 million, trade and other receivables of RMB31.6 million, contract costs of RMB38.3 million and bank balances and cash of RMB813.6 million. As at December 31, 2020, the current liabilities of our Group were RMB194.5 million, including trade and other payables of RMB88.7 million, contract liabilities of RMB7.0 million, bank borrowings of RMB91.3 million and lease liabilities of RMB7.5 million.

The Shares were successfully listed on the Main Board of the Stock Exchange on September 29, 2021. There has been no change in the capital structure of the Group since then.

Management Discussion and Analysis

12. Capital commitments

As at June 30, 2021 and December 31, 2020, the Group had capital commitments in respect of the acquisition of equipment of RMB15.2 million and RMB18.4 million, respectively, primarily in connection with our CDMO activities.

13. Gearing Ratio

The gearing ratio of the Group was calculated using interest-bearing borrowings less cash and cash equivalents divided by (deficiency of) total equity and multiplied by 100%. Since the Group maintained a net cash position as at June 30, 2021 and June 30, 2020, the gearing ratio is not applicable.

14. Significant Investments

The Group did not make any significant investments (including any investment in an investee company with a value of 5 percent or more of the Group's total assets as at June 30, 2021) during the six months ended June 30, 2021.

15. Material Acquisitions and Disposals

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

16. Pledge of Assets

As at June 30, 2021, the Group had a total of RMB120.2 million of machinery pledged to secure its bank borrowings of RMB82.4 million.

17. Contingent liabilities

As at June 30, 2021 and December 31, 2020, the Group did not have any material contingent liabilities.

18. Foreign Exchange Exposure

The functional currency of the Company is Renminbi. During the six months ended June 30, 2021, certain bank balances and cash, trade and other receivables, amounts due from related parties, trade and other payables, financial instrument at financial liabilities at fair value through profit or loss are denominated in U.S. dollars, which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis

19. Employee and Remuneration

As at June 30, 2021 and June 30, 2020, the Group had a total of 308 and 238 employees, respectively. The following table sets forth the total number of employees by function as of June 30, 2021 and June 30, 2020, respectively:

	As at June 30, 2021		As at June 30, 2020	
Function	**Number of employees**	**% of total**	Number of employees	% of total
Research and Development	**151**	**49%**	122	51%
Manufacturing	**100**	**32%**	69	29%
General and Administrative	**57**	**19%**	47	20%
Total	**308**	**100%**	238	100%

The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. The number of employees employed by the Group varies from time to time depending on our needs. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational background, experience and performance. The remuneration policy and package of the Group's employees are periodically reviewed.

The total remuneration cost incurred by the Group for the six months ended June 30, 2021 was RMB72.0 million, as compared to RMB59.7 million for the six months ended June 30, 2020.

Our employee remuneration comprises salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees.

The Company also has adopted the "Post-IPO Share Award Scheme" and "Pre-IPO Equity Incentive Plan". Please refer to the section headed "Equity Plans" in this report for further details.

During the six months ended June 30, 2021, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

20. Interim Dividend

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

Other Information

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

As the Company was not listed on the Stock Exchange as of June 30, 2021, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executives of the Company as of June 30, 2021.

As of the Latest Practicable Date, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our 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 will be required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]	Long position/ Short position
Xueming Qian	Interest in a controlled corporation[2], Beneficial owner[3]	57,177,906	12.84%	Long position
Michael Ming Shi	Beneficial owner[4]	2,000,000	0.45%	Long position
Albert Da Zhu	Beneficial owner[5]	1,809,759	0.41%	Long position
Yining (Jonathan) Zhao	Interest in a controlled Corporation[6], Beneficial owner[7]	13,987,937	3.14%	Long position

Notes:

1. The calculation is based on the total number of 445,331,917 Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and excluding any shares to be issued under the Pre-IPO Equity Incentive Plan and Post-IPO Share Award Scheme).
2. This includes 22,411,376 Shares held by Qian Dynasty Irrevocable Trust, 22,411,376 Shares held by Shi Dynasty Irrevocable Trust, and 830,778 Shares held by Cloudbay Capitals LLC. With regards to the Qian Dynasty Irrevocable Trust, the beneficiaries are Dr. Xueming Qian and his children and their descendants, the investment advisor is Dr. Qian and the trustee is HSBC Trust Company (Delaware) National Association. With regards to the Shi Dynasty Irrevocable Trust, the beneficiaries are Ms. Shi Xiaohong and the child of Ms. Shi and Dr. Qian and his descendants, the investment advisor is Dr. Qian and the trustee is HSBC Trust Company (Delaware) National Association. Cloudbay Capitals LLC is held by HSBC Trust Company (Delaware) National Association as trustee of the Qian Dynasty Irrevocable Trust and is managed by Dr. Qian.
3. Includes Dr. Qian's entitlement to receive up to 8,554,376 Shares pursuant to the share awards granted to him under the Pre-IPO Equity Incentive Plan.
4. Includes Dr. Michael Ming Shi's entitlement to receive up to 2,000,000 Shares pursuant to the share awards granted to him under the Pre-IPO Equity Incentive Plan.
5. Includes Mr. Albert Da Zhu's entitlement to receive up to 1,809,759 Shares pursuant to the share awards granted to him under the Pre-IPO Equity Incentive Plan.
6. This includes 1,094,807 Shares held by VI Holding Limited which is wholly-owned by Dr. Yining (Jonathan) Zhao.
7. Includes Dr. Yining (Jonathan) Zhao (趙奕寧)'s entitlement to receive up to 12,890,130 Shares pursuant to the share awards granted to him under the Pre-IPO Equity Incentive Plan.

Other Information

Save as disclosed above, as at the date of this interim report, none of the Directors or chief executives 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 any of its associated corporations.

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

As the Company was not listed on the Stock Exchange as of June 30, 2021, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial shareholders of the Company as of June 30, 2021.

As of the Latest Practicable Date, so far as the Directors or chief executives are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to our Company pursuant to 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 ordinary shares[1]	Approximate percentage of holding[2]	Long position/ Short position/ Lending pool
Xueming Qian[3]	Beneficial owner; founder and beneficiary of discretionary trust; interest in controlled corporation	57,177,906	12.84%	Long position
HSBC Trust Company (Delaware) National Association[3]	Trustee of discretionary trust	45,653,530	10.25%	Long position
Qian Dynasty Irrevocable Trust[3]	Beneficial owner	23,242,154	5.22%	Long position
Shi Dynasty Irrevocable Trust[3]	Beneficial owner	22,411,376	5.03%	Long position
Cloudbay Capitals LLC[3]	Beneficial owner	830,778	0.19%	Long position
Yi Shi[4]	Interest in controlled corporation	67,233,203	15.10%	Long position
Lilly Asia Ventures Fund III, L.P.[4][5]	Beneficial owner; interest in controlled corporation	16,855,173	3.78%	Long position
LAV Biosciences Fund III, L.P.[4][6]	Beneficial owner; interest in controlled corporation	33,710,963	7.57%	Long position
LAV Biosciences Fund V, L.P.[4]	Beneficial owner	16,667,067	3.74%	Long position
LAV Verdure Limited[4][5]	Beneficial owner	11,194,116	2.51%	Long position
LAV Acuity Limited[4][5]	Beneficial owner	5,138,010	1.15%	Long position
LAV Vitality Limited[4][6]	Beneficial owner	22,388,232	5.03%	Long position
LAV Altitude Limited[4][6]	Beneficial owner	10,276,020	2.31%	Long position
TLS Beta Pte. Ltd.[7]	Beneficial owner	26,021,880	5.84%	Long position
China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司)[8]	Interest in controlled corporation	27,031,012	6.07%	Long position
Success Link International L.P.[9]	Beneficial owner	37,340,878	8.38%	Long position

Other Information

Notes:

1. The number of Shares held following conversion of Preferred Shares.
2. It is assumed that the Over-allotment Option is not exercised and excluding Shares to be issued under the Pre-IPO Equity Incentive Plan and Post-IPO Share Award Scheme.
3. Dr. Xueming Qian is an executive Director and chief executive officer of our Company. Qian Dynasty Irrevocable Trust is a trust established by Dr. Xueming Qian for the benefit of himself and his children and their descendants. Shi Dynasty Irrevocable Trust is a trust established by Dr. Xueming Qian for the benefit of Ms. Shi Xiaohong and the child of Ms. Shi and Dr. Qian and his descendants. The trustee of both Qian Dynasty Irrevocable Trust and Shi Dynasty Irrevocable Trust is HSBC Trust Company (Delaware) National Association, while the investment advisor of both Qian Dynasty Irrevocable Trust and Shi Dynasty Irrevocable Trust is Dr. Xueming Qian. Cloudbay Capitals LLC is held by HSBC Trust Company (Delaware) National Association as trustee of the Qian Dynasty Irrevocable Trust and is managed by Dr. Qian. Dr. Qian also holds 2,970,000 Shares in his name and is entitled to receive up to 8,554,376 Shares pursuant to the share awards granted to him under the Pre-IPO Equity Incentive Plan. These options have been early-exercised by Dr. Qian and are held by Success Link International L.P. to hold on trust. Success Link International L.P. is an exempted limited partnership and established for the benefit of selected participants of the Pre-IPO Equity Incentive Plan. For details of the Pre-IPO Equity Incentive Plan, please see the section headed "Statutory and General Information – Pre-IPO Equity Incentive Plan" in Appendix IV to the Prospectus.
4. Lilly Asia Ventures Fund III, L.P., LAV Biosciences Fund III, L.P. and LAV Biosciences Fund V, L.P. are Cayman Islands exempted partnership funds. The general partner of LAV Biosciences Fund V, L.P. is LAV GP V, L.P., whose general partner is LAV Corporate V GP, Ltd., a Cayman exempted company wholly owned by Yi Shi. The general partner of Lilly Asia Ventures Fund III, L.P. is LAV GP III, L.P., whose general partner is LAV Corporate GP, Ltd., a Cayman exempted company wholly owned by Yi Shi. The general partner of LAV Biosciences Fund III, L.P. is LAV GP III, L.P., whose general partner is LAV Corporate GP, Ltd., a Cayman exempted company wholly owned by Yi Shi. Both LAV Verdure Limited and LAV Acuity Limited are limited companies incorporated in the British Virgin Islands and are wholly-owned by Lilly Asia Ventures Fund III, L.P.. Both LAV Vitality Limited and LAV Altitude Limited are limited companies incorporated in the British Virgin Islands and are wholly-owned by LAV Biosciences Fund III, L.P. Therefore, Yi Shi is deemed to be interested in the Shares held by Lilly Asia Ventures Fund III, L.P., LAV Biosciences Fund III, L.P., LAV Biosciences Fund V, L.P., LAV Verdure Limited, LAV Acuity Limited, LAV Vitality Limited and LAV Altitude Limited.
5. Both LAV Verdure Limited and LAV Acuity Limited are limited companies incorporated in the British Virgin Islands and are wholly-owned by Lilly Asia Ventures Fund III, L.P.. Lilly Asia Ventures Fund III, L.P. also holds 523,047 Shares in its own name.
6. Both LAV Vitality Limited and LAV Altitude Limited are limited companies incorporated in the British Virgin Islands and are wholly-owned by LAV Biosciences Fund III, L.P.. LAV Biosciences Fund III, L.P. also holds 1,046,711 Shares in its own name.
7. TLS Beta Pte. Ltd. is a company incorporated in Singapore in 2005 and an indirectly wholly owned subsidiary of Temasek Holdings (Private) Limited.
8. China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) is a company incorporated in the PRC and (i) wholly-owns EverestLu Holding Limited (永祿控股有限公司), which is a limited company incorporated in Hong Kong and the beneficial owner of 16,076,988 Shares, and (ii) is interested in approximately 75.8% of China Merchant Buyout Fund (深圳國調招商併購股權投資基金合夥企業(有限合夥)) in its capacity as a limited partner, which is the beneficial owner of 10,954,024 Shares.
9. Success Link International L.P. is an exempted limited partnership and established for the benefit of selected participants of the Pre-IPO Equity Incentive Plan. Success Link International L.P. is controlled by its general partner, Success Link GP Inc., which shall be determined or approved by the board of directors of the Company from time to time as provided for in the governing documents of Success Link International L.P. The current directors of Success Link GP Inc. are Albert Da Zhu (朱達), an executive Director and Weikang Zhu (朱衛康), an employee of our Group. For details of the Pre-IPO Equity Incentive Plan, please see the section headed "Statutory and General Information – Pre-IPO Equity Incentive Plan" in Appendix IV to the Prospectus.

Save as disclosed above, as at the date of this interim report, no persons other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations" above had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, none of the Directors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the six months ended June 30, 2021.

Other Information

EQUITY PLANS

1. *Pre-IPO Equity Incentive Plan*

The Pre-IPO Equity Incentive Plan of the Company was effective since January 1, 2019 and as amended from time to time. The vesting period of the Pre-IPO Equity Incentive Plan generally ranges from 1 to 5 years. The terms of the Pre-IPO Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules. The Pre-IPO Equity Incentive Plan is intended to grant options to, and to incentivise, employees of the Company other than the management. Those eligible to participate in the Pre-IPO Equity Incentive Plan include employees, directors and consultants of the Group as determined, authorized and notified by the Board or a committee authorized by the Board (the "Committee"). The Board or the Committee may, from time to time select from among all eligible individuals ("Participants") to whom awards in the form of options and restricted share units, will be granted and will determine the nature and amount of each grant.

Further details of the Pre-IPO Equity Incentive Plan are set out in the section headed "Statutory and General Information" of the Prospectus.

Details of the movements of the options granted under the Pre-IPO Equity Incentive Plan as at June 30, 2021 are as follows:

Name	Date of grant	Option period	Exercise price	Outstanding as at January 1, 2021	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2021
Directors							
Albert Da Zhu	September 28, 2016 to November 18, 2020	10 years	US$0.0879 per Share to US$1.13 per Share	1,065,780	–	–	1,065,780
Senior Management							
Frank Feng Ye	November 18, 2020	10 years	US$1.13 per Share	500,000	–	–	500,000
Christopher Hwang	November 18, 2020	10 years	US$1.13 per Share	400,000	–	–	400,000
Jerry Xiaoming Yang	November 18, 2020	10 years	US$1.13 per Share	500,000	–	–	500,000
Yi Gu	November 18, 2020	10 years	US$1.13 per Share	300,000	–	–	300,000
Jane Qin Xia	November 18, 2020	10 years	US$1.13 per Share	360,000	–	–	360,000
Other connected persons of the Company							
Weikang Zhu[1]	July 3, 2019 to April 25, 2021	10 years	US$0.1 per Share to US1.14 per Share	205,000	–	–	205,000
Consultants (who are not employees or former employees of the Group)							
In aggregate	Between September 28, 2016 to June 13, 2021	10 years	Between US$0 per Share to US$0.4102 per Share	1,756,925	–	–	1,756,925
Other grantees (other than Directors, senior management, connected persons and consultants)							
In aggregate	Between September 28, 2016 to June 13, 2021	10 years from the date of grant	Between US$0.0001 per Share to US$1.14 per Share	17,573,401	–	–	17,573,401
Total				**22,661,106**	**–**	**–**	**22,661,106**

Other Information

Notes:

(1) Weikang Zhu (朱衛康) is a director of a subsidiary of our Company during the Reporting Period, and therefore is a connected person of our Company.

(2) On November 13, 2020, options and awards amounting to an aggregate of 2,670,445 Shares granted to certain participants (the "Trust Participants") under the Pre-IPO Equity Incentive Plan were transferred to Success Reach International Limited, and 2,670,445 Shares were issued to Success Reach International Limited on February 10, 2021. The entire share capital of Success Reach International Limited is held by Trident Trust Company (HK) Limited in trust which serves as the trustee of the Success Reach Trust. Success Reach Trust is an irrevocable trust established by the Company on November 13, 2020 for the benefit of Trust Participants, including Mr. Albert Da Zhu. To the knowledge of the Company and save for Mr. Albert Da Zhu, the Trust Participants are Independent Third Parties.

(3) On November 13, 2020, options and awards amounting to an aggregate of 32,840,878 Shares granted to certain participants, including among others Xueming Qian, Michael Ming Shi, Yining (Jonathan) Zhao, Frank Feng Ye, Christopher Hwang, Jerry Xiaoming Yang, Yi Gu and Jane Qin Xia (the "ELP Participants") under the Pre-IPO Equity Incentive Plan were early-exercised, the exercise price of such share options were paid by delivering a promissory note to the Company payable by each of the ELP Participants, and such 32,840,878 shares were transferred to Success Link International L.P. on February 10, 2021 pursuant to the amended and restated exempted limited partnership agreement dated February 8, 2021 for the benefits of ELP Participants. Success Link International L.P. is an exempted limited partnership and established for the benefit of the ELP Participants. To the knowledge of the Company and save for Xueming Qian, Michael Ming Shi, Yining (Jonathan) Zhao, Frank Feng Ye, Christopher Hwang, Jerry Xiaoming Yang, Yi Gu and Jane Qin Xia, the ELP Participants are Independent Third Parties.

2. Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. The Company may appoint one or more trustees to administer the Post-IPO Share Award Scheme with respect to the grant of any award by the Board (an "Award") which may vest in the form of Shares ("Award Shares") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO Share Award Scheme.

Any individual, being an employee or director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group or any affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them), and any officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is eligible to receive an Award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

Further details of the Post-IPO Share Award Scheme are set out in the Prospectus.

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

Since the Company was not listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

Other Information

MATERIAL LITIGATION

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

USE OF NET PROCEEDS

With the Shares of the Company listed on the Stock Exchange on September 29, 2021, the net proceeds from the Global Offering were approximately HK$574.4 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus as follows:–

- 82% of net proceeds, or approximately HK$471.0 million, allocated to research and development of our pipeline product candidates, funding of ongoing and planned clinical and pre-clinical trials, preparation for registration filings and other steps or activities related to the commercialization of our four anchor products as follows:

  (i) 30% of net proceeds, or approximately HK$172.3 million, to fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of our core product, MSB2311;

  (ii) 20% of net proceeds, or approximately HK$114.9 million, to fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST001;

  (iii) 10% of net proceeds, or approximately HK$57.4 million, to fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST005;

  (iv) 10% of net proceeds, or approximately HK$57.4 million, to fund ongoing and planned clinical trials, preparation for registration filings and potential commercial launch (including sales and marketing) of our key product, TST002; and

  (v) 12% of net proceeds, or approximately HK$68.9 million, to fund ongoing and planned pre-clinical trials and preparation for registration filings of our key product and other pipeline products, including TST004, MSB0254, TST003, TST006 and TST008;

- 8% of net proceeds, or approximately HK$46.0 million, to fund the business development for pipeline expansion and technology development, with a focus in oncology assets that have synergy with our current pipeline and promising clinical evidences, and/or technology platforms that can complement our current discovery and development platforms, such as ADC, small molecule targeted therapies, and other advanced new technologies; and

- 10% of net proceeds, or approximately HK$57.4 million, for general working capital purposes and general operation expenses.

For detailed description of the intended use of proceeds and the expected timeline, please refer to the section headed "Future plans and use of proceeds" in the Prospectus.

Other Information

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we will hold such funds in short-term deposits in authorized banks or financial institutions so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

The net proceeds had not been utilized since the Listing Date and up to the date of this interim report.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transaction (if any) and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. Jiasong Tang (唐稼松), Mr. Zhihua Zhang (張志華) and Dr. Yining (Jonathan) Zhao (趙奕寧), with Mr. Jiasong Tang (唐稼松) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2021 have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Equity" issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, internal control and financial reporting matters with senior management members of the Group. The Audit Committee considers that this interim report is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this interim report and under the section headed "Future plans and use of proceeds" in the Prospectus, the Group does not have other plans for material investments and capital assets.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGES TO DIRECTORS' INFORMATION

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

Other Information

CORPORATE GOVERNANCE PRACTICES

The Company was incorporated under the laws of the British Virgin Islands on August 20, 2010 and continued in the Cayman Islands on March 26, 2021 as an exempted company with limited liability, and the Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date.

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

As the Shares of the Company were not yet listed on the Stock Exchange as of June 30, 2021, the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules were not applicable to the Company during the Reporting Period.

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

The Company has complied with all applicable code provisions set out in the CG Code throughout the period from the Listing Date up to the date of this interim report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. As the Shares of the Company were not yet listed on the Stock Exchange as of June 30, 2021, the Model Code was not applicable to the Company during the Reporting Period.

Having made specific enquiry, all Directors have confirmed that they have complied with the Model Code since the Listing Date and up to the date of this report.

No incident of non-compliance of the Model Code was noted by the Company since the Listing Date up to the date of this report.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF TRANSCENTA HOLDING LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Transcenta Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 49, which comprise the condensed consolidated statement of financial position as of June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive expense, statement of changes in equity and statement of cash flows for the six months period then ended, and certain 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. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive expense, statement of changes in equity and statement of cash flows for the six months period ended June 30, 2020 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 29, 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Expense

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	NOTES	Six months ended June 30, **2021** **RMB'000** **(Unaudited)**	2020 RMB'000 (Unaudited)
Revenue	3	**26,685**	28,309
Cost of sales		**(22,165)**	(17,170)
Gross profits		**4,520**	11,139
Other income		**11,209**	5,492
Other gains and losses, net	5	**(762,458)**	(3,232)
Impairment losses under expected credit loss model		**(2,940)**	–
Selling expenses		**(2,275)**	(710)
Research and development expenses		**(166,901)**	(77,148)
Administrative expenses		**(39,940)**	(42,808)
Share of loss of a joint venture		**(94)**	–
Finance costs		**(6,618)**	(7,113)
Listing expenses		**(29,453)**	–
Loss before tax	7	**(994,950)**	(114,380)
Income tax expense	6	**55**	55
Loss for the period		**(994,895)**	(114,325)
Other comprehensive income (expense) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of a foreign operation		**611**	(816)
		(994,284)	(115,141)
Loss for the period attributable to:			
– Owners of the Company		**(994,284)**	(112,084)
– Non-controlling interests		**–**	(2,241)
		(994,284)	(114,325)
Total comprehensive expenses for the period attributable to:			
– Owners of the Company		**(994,284)**	(112,900)
– Non-controlling interests		**–**	(2,241)
		(994,284)	(115,141)
Loss per share	9		
– Basic and diluted (RMB)		**(10.19)**	(1.73)

Condensed Consolidated Statement of Financial Position

AT JUNE 30, 2021

	NOTES	**At June 30, 2021 RMB'000 (Unaudited)**	At December 31, 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**439,125**	449,176
Right-of-use assets		**22,270**	24,057
Goodwill		**471,901**	471,901
Interests in a joint venture	11	**23,045**	–
Value-added-tax ("VAT") recoverable		**63,561**	62,954
Deposits paid for acquisition of property plant and equipment		**2,247**	2,169
Intangible asset		**96,023**	95,781
Other receivables	12	**10,048**	10,085
Amounts due from related parties		**77,411**	77,250
Restricted bank deposits		**6,102**	6,094
		1,211,733	1,199,467
Current assets			
Inventories		**25,164**	7,901
Trade and other receivables	12	**37,679**	31,635
Contract costs	13	**9,988**	38,329
Bank balances and cash		**957,608**	813,592
		1,030,439	891,457
Current liabilities			
Trade and other payables	14	**96,304**	88,690
Contract liabilities		**3,974**	7,029
Bank borrowings	15	**220,427**	91,312
Lease liabilities		**8,108**	7,506
		328,813	194,537
Net current assets		**701,626**	696,920
Total assets less current liabilities		**1,913,359**	1,896,387

Condensed Consolidated Statement of Financial Position

AT JUNE 30, 2021

	NOTES	**At June 30, 2021 RMB'000 (Unaudited)**	At December 31, 2020 RMB'000 (Audited)
Non-current liabilities			
Bank borrowings	15	**99,080**	145,938
Lease liabilities		**7,153**	9,543
Deferred income		**61,568**	57,200
Financial liabilities at fair value through profit or loss ("FVTPL")	16	**3,524,133**	2,474,233
Deferred tax liabilities		**25,663**	25,718
		3,717,597	2,712,632
Net liabilities		**(1,804,238)**	(816,245)
Capital and reserves			
Share capital	17	**73**	66
Treasury shares		**(7)**	–
Reserves		**(1,804,304)**	(816,311)
Total deficits		**(1,804,238)**	(816,245)

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 17)	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2020 (Audited)	44	69,614	–	(405,779)	106,812	(607,635)	(23)	(836,967)	200,807	(636,160)
Loss and total comprehensive expenses for the period	–	–	–	–	–	(112,084)	(816)	(112,900)	(2,241)	(115,141)
Issuance of ordinary shares	–*	3,327	–	–	–	–	–	3,327	–	3,327
Recognition of equity-settled share-based payment (note 18)	–	–	–	(1,233)	11,475	–	–	10,242	1,233	11,475
Exercise of share options	–*	17,306	–	–	(14,599)	–	–	2,707	–	2,707
Net effect of share purchase options written to non-controlling shareholders and exercise of share purchase options	–	–	–	(38,846)	–	–	–	(38,846)	38,846	–
At June 30, 2020 (Unaudited)	44	90,247	–	(445,858)	103,688	(719,719)	(839)	(972,437)	238,645	(733,792)
At January 1, 2021 (Audited)	**66**	**289,770**	**–**	**(231,245)**	**46,089**	**(924,261)**	**3,336**	**(816,245)**	**–**	**(816,245)**
Loss and total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**–**	**(994,895)**	**611**	**(994,284)**	**–**	**(994,284)**
Recognition of equity-settled share-based payment (note 18)	**–**	**–**	**–**	**–**	**6,042**	**–**	**–**	**6,042**	**–**	**6,042**
Issuance of shares held on trust	**2**	**–**	**(2)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exercise of share options	**–***	**2,256**	**–**	**–**	**(2,007)**	**–**	**–**	**249**	**–**	**249**
Issuance of treasury shares (note 17)	**5**	**–**	**(5)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At June 30, 2021 (Unaudited)	**73**	**292,026**	**(7)**	**(231,245)**	**50,124**	**(1,919,156)**	**3,947**	**(1,804,238)**	**–**	**(1,804,238)**

Note: Other reserves include i) effect of share purchase options written to non-controlling shareholders of Mabspace Biosciences (Suzhou) Co., Ltd.** ("Mabspace Suzhou") (邁博斯生物醫藥(蘇州)有限公司) and HJB (Hangzhou) Co., Ltd.** ("HJB Hangzhou") (杭州奕安濟世生物藥業有限公司) for converting their equity interests in Mabspace Suzhou and HJB Hangzhou to the Preferred Shares of Transcenta Holding Limited (the "Company"); ii) effect of exercise of such share purchase options by these non-controlling shareholders, and iii) difference between the consideration paid and share of subsidiaries net assets acquired from non-controlling shareholders.

* Amount is less than RMB1,000

** English names are for identification only

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
NET CASH USED IN OPERATING ACTIVITIES	**(172,180)**	(88,795)
INVESTING ACTIVITIES		
Interest received from banks	**1,989**	3,237
Proceeds from disposal of property, plant and equipment	**–**	121
Purchase of property, plant and equipment	**(19,324)**	(27,344)
Purchase of intangible assets	**(701)**	–
Placement of restricted bank deposits	**–**	(150)
Payment for investment in a joint venture	**(500)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(18,536)**	(24,136)
FINANCING ACTIVITIES		
New bank borrowings raised	**118,954**	10,000
Repayment of bank borrowings	**(36,690)**	(74,447)
Repayments of lease liabilities	**(4,496)**	(4,211)
Proceeds from issuance of Preferred Shares	**278,292**	432,010
Transaction costs attributable to issuance of Preferred Shares	**(7,019)**	–
Exercise of share options	**–**	2,707
Issuance of ordinary shares	**–**	3,327
Consideration paid for acquisition of non-controlling interests	**–**	(192,347)
Issue costs paid	**(575)**	–
Interest paid	**(6,448)**	(7,113)
NET CASH FROM FINANCING ACTIVITIES	**342,018**	169,926
NET INCREASE IN CASH AND CASH EQUIVALENTS	**151,302**	56,995
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD, REPRESENTING BY BANK BALANCES AND CASH	**813,592**	458,100
Effects of foreign exchange rate changes	**(7,286)**	5,156
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**957,608**	520,251

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2020 are the same as those followed in the preparation of the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2020 underlying the preparation of historical financial information included in the accountants' report presented in the prospectus dated September 14, 2021 (the "Accountants' Report").

3. REVENUE

The Group has one single revenue stream. It provides contract development and manufacturing ("CDMO") services to its customers. CDMO services stands as an integrated platform to support the development of manufacturing processes and the production of advanced intermediates and active pharmaceutical ingredients and formulation development and dosage drug product manufacturing, for preclinical, clinical trials, new drug application, and commercial supply of chemical drugs as well as wide spectrum development from early to late stage.

The Group primarily earns revenue by providing CDMO services to its customers through fee-for-service ("FFS") contracts. Contract duration is generally a few months. Under FFS method, the contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual selling price specified within the contract. The Group identifies each deliverable unit as a separate performance obligation, and recognizes FFS revenue of contractual elements at the point in time upon finalization, delivery and acceptance of the deliverable units.

The Group applies the practical expedient in IFRS 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components' of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. During the current interim period, the CODM assesses the operating performance and allocated the resources of the Group as a whole as the Group is primarily engaged in the discovering, developing, manufacturing and commercializing novel drugs. Therefore, the CODM considers the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in Note 4 to the Accountants' Report and no further analysis of the single segment is presented.

Geographical information

The Group's operations are located in the PRC and the United States.

All the Group's revenue from external customers is derived from the PRC. As at June 30, 2021 and December 31, 2020, non-current assets of RMB6,152,000 and RMB8,089,000, respectively, are located in the USA. The remaining non-current assets are all located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**16,044**	N/A
Customer B	**5,316**	N/A
Customer C	**N/A**	8,321
Customer D	**–**	8,300
Customer E	**N/A**	3,979
Customer F	**N/A**	2,888

N/A: not disclosed as amounts less than 10% of total revenue

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

5. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on deemed disposal of interests in a joint venture (note 11)	**22,638**	–
Net foreign exchange (losses) gains	**(13,558)**	10,985
Fair value loss of financial liabilities at FVTPL (note 16)	**(771,608)**	(14,279)
Gain on disposal of property, plant and equipment	**–**	99
Others	**70**	(37)
	(762,458)	(3,232)

6. INCOME TAX EXPENSE

RMB55,000 and RMB55,000 deferred income tax expense has been incurred by the Group during the six months ended June 30, 2021 and 2020, respectively.

7. LOSS BEFORE TAX

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**23,086**	17,795
Amortization of intangible assets	**459**	395
Depreciation of right-of-use assets	**4,165**	3,997
	27,710	22,187
Capitalized in the ending balance of contract costs	**(1,348)**	(2,859)
	26,362	19,328
Analysed as:		
Charged in cost of sales	**3,478**	3,853
Charged in administrative expenses	**8,913**	8,112
Charged in selling expenses	**2**	2
Charged in research and development expenses	**13,969**	7,361
	26,362	19,328

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

7. LOSS BEFORE TAX *(Continued)*

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	**1,932**	300
Directors' emoluments	**8,830**	4,931
Other staff costs:		
– salaries and other benefits	**52,252**	40,623
– retirement benefit scheme contributions	**9,566**	5,503
– share-based payments	**1,368**	8,595
	72,016	59,652
Capitalized in the ending balance of contract costs	**(1,527)**	(3,596)
	70,489	56,056
Analysed as:		
Charged in cost of sales	**4,366**	5,037
Charged in administrative expenses	**22,042**	17,253
Charged in selling expenses	**1,551**	560
Charged in research and development expenses	**42,530**	33,206
	70,489	56,056
Research and development expenses:		
Pre-clinical test expenses	**73,788**	20,139
Staff cost	**42,530**	33,206
Clinical test expenses	**24,885**	9,344
Materials consumed	**6,880**	4,432
Depreciation and amortization expenses	**13,592**	7,325
Others	**5,226**	2,702
	166,901	77,148

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of calculating basic and diluted loss per share (RMB'000)	**994,284**	112,084
Number of shares		
Weighted average number of ordinary shares of the purpose of calculating basic and diluted loss per share calculation	**97,554,035**	64,790,007

For six months ended June 30, 2021, the number of treasury shares were excluded from the total number of shares of the Company for the computation of basic loss per share.

For six months ended June 30, 2021, the computation of diluted loss per share did not assume conversion of the preferred shares, the exercise of share options and the vesting of restricted ordinary shares since their assumed conversion or exercise would result in a decrease in loss per share.

For six months ended June 30, 2020, the computation of diluted loss per share did not assume conversion of the preferred shares, the exercise of share purchase option written to the non-controlling shareholders, the exercise of share options and the vesting of restricted ordinary shares since their assumed conversion or exercise would result in a decrease in loss per share.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

10. MOVEMENT IN PROPERTY PLANT AND EQUIPMENT

During the current interim period, the Group paid RMB19,324,000 (six months ended June 30, 2020: RMB27,321,000) on acquisition of new production equipment. There was no significant disposal or written off of property, plant and equipment during the current and prior interim period.

11. INTERESTS IN A JOINT VENTURE

In November 2020, Mabspace Suzhou, a wholly-owned subsidiary of the Company, and Shanghai Alebund Pharmaceuticals Limited* (上海禮邦醫藥科技有限公司) ("Alebund Pharmaceuticals") entered into a framework agreement to set up Lisheng Biotech (Shanghai) Co., Ltd.* (禮勝生物醫藥(上海)有限公司) ("Lisheng"), a joint venture, to co-develop pipeline TST004. In accordance with the framework agreement, Mabspace Suzhou shall pay RMB500,000 as investment cost in Lisheng which represents the entire ownership interest of Lisheng initially. Alebund Pharmaceuticals shall then contribute a total of RMB60,837,000 (equivalent to approximately US$9,000,000) into Lisheng in five instalments subject to the achievement of certain research and development milestones as stipulated in the framework agreement. Upon the entire amount being contributed by Alebund Pharmaceuticals, the ownership interest in Lisheng will eventually be owned as 50% by Mabspace Suzhou and 50% by Alebund Pharmaceuticals. As part of the framework agreement, an ancillary collaboration and licensing agreement (the "Agreement") were entered into between Mabspace Suzhou, Alebund Pharmaceuticals and Lisheng in December 2020 pursuant to which Mabspace Suzhou shall out-license an irrevocable, permanent, exclusive and sub-licensable license to research, develop, commercialize, use, import, commit to sell, export and sell a licensed product, which is defined as a formulation with TST004 as the only active pharmaceutical ingredient, in Greater China region to Lisheng.

Mabspace Suzhou paid RMB500,000 in January 2021. On 29 January 2021, an amount of RMB24,335,000 (equivalent to approximately US$3,600,000), represented the first instalment as stipulated in the framework agreement, was paid by Alebund Pharmaceuticals, representing 28.57% ownership interest in Lisheng. Accordingly, the ownership interest of Mabspace Suzhou was diluted from 100% to 71.43% following the contribution of first instalment by Alebund Pharmaceuticals, resulting in a gain on deemed disposal of interests in a joint venture amounting to RMB17,239,000 with corresponding debit to interests in a joint venture. On 28 June 2021, an amount of RMB12,167,000 (equivalent to approximately US$1,800,000), represented the second instalment as stipulated in the framework agreement, was paid by Alebund Pharmaceuticals, representing 8.93% ownership interest in Lisheng. Accordingly, the ownership interest of Mabspace Suzhou was further diluted from 71.43% to 62.50% and resulting in a gain on deemed disposal of interests in a joint venture amounting to RMB5,399,000 with corresponding debit to interests in a joint venture.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

12. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	At June 30, 2021 RMB'000 (Unaudited)	At December 31, 2020 RMB'000 (Audited)
Trade receivables	**17,712**	16,351
Less: Allowance for credit losses	**(898)**	–
	16,814	16,351
Other receivables:		
Promissory note receivables (note)	**10,048**	10,085
Interest receivable	**–**	231
Prepayments for:		
Research and development services	**9,647**	6,106
Legal and professional services	**1,121**	1,034
Purchase of raw materials	**4,940**	5,021
Deferred issue costs	**3,080**	1,764
Others	**2,077**	1,128
	47,727	41,720
Analysis as:		
Current	**37,679**	31,635
Non-current	**10,048**	10,085
	47,727	41,720

The Group allows an average credit period of 30 to 60 days to its trade customers.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an analysis of trade receivables by age (net of loss allowance), presented based on the invoice date at the end of the reporting period.

	At June 30, 2021 RMB'000 (Unaudited)	At December 31, 2020 RMB'000 (Audited)
Within 30 days	**7,403**	13,501
31 – 60 days	**–**	10
61 – 90 days	**–**	901
91 – 120 days	**396**	9
121 – 365 days	**9,015**	1,930
	16,814	16,351

Note: The promissory note receivable balance arises from the exercise of share options by certain employees of the Group. The promissory notes carry interest rate of 3.6% per annum.

13. CONTRACT COSTS

	At June 30, 2021 RMB'000 (Unaudited)	At December 31, 2020 RMB'000 (Audited)
Costs to fulfill contracts	**9,988**	38,329

Contract costs capitalized relate to the costs incurred to fulfill contracts. Contract costs are recognized as of part of cost of sales in the condensed consolidated statement of profit or loss in the period in which revenue is recognized. The amount of capitalized costs recognized in profit or loss during the six months ended June 30, 2021 and 2020 was RMB22,165,000 (unaudited) and RMB17,170,000 (unaudited), respectively. There was no impairment in relation to the opening balance of capitalized costs or the cost capitalized during the six months ended June 30, 2021 and the year ended December 31, 2020.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

14. TRADE AND OTHER PAYABLES

	At June 30, 2021 RMB'000 (Unaudited)	At December 31, 2020 RMB'000 (Audited)
Trade payables	**46,964**	34,448
Payables for		
– Purchase of property, plant and equipment	**4,681**	10,892
– Transaction cost for issue Preferred Shares	**–**	7,019
– Legal and professional fee	**5,591**	6,551
– Listing expenses and issue costs	**30,235**	4,946
– Others	**1,958**	1,635
Other tax payables	**755**	5,165
Accrued staff costs and benefits	**5,869**	15,853
Other accruals	**251**	2,181
	96,304	88,690

The average credit period on purchases of goods/services of the Group is 30 days.

The following is an analysis of trade payables by age, presented based on the invoice date as at the end of the reporting period:

	At June 30, 2021 RMB'000 (Unaudited)	At December 31, 2020 RMB'000 (Audited)
0 – 30 days	**46,047**	23,458
31 – 60 days	**199**	–
61 – 90 days	**513**	24
91 – 120 days	**78**	2
121 – 365 days	**81**	10,552
Over 365 days	**46**	412
	46,964	34,448

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FOR THE SIX MONTHS ENDED JUNE 30, 2021

15. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB118,954,000 (six months ended June 30, 2020: RMB10,000,000 (unaudited)) and repaid RMB36,690,000 (six months ended June 30, 2020: RMB74,447,000 (unaudited)). The loans carry interest in the fixed market rates range from 3.85% to 4.50% and are repayable in instalments over periods range from 0.32 years to 3 years. The proceeds were mainly used for working capital purposes.

16. FINANCIAL LIABILITIES AT FVTPL

Preferred Shares

Details of the key terms and fair value movement of Preferred Shares, was set out in note 32 of the Accountants' Report.

The Preferred Shares and gross obligation from Share Purchase Options written are financial liabilities measured at FVTPL. The directors of the Company considered that the changes in the fair value of the financial liability attributable to the change in credit risk of the Group is minimal. Changes in fair value of the Preferred Shares and the Share Purchase Option are charged to profit or loss and included in "other gains and losses".

As at June 30, 2021, the Preferred Shares and Share Purchase Option were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Anderson Management Consulting (Shanghai) Co., Limited, which has appropriate qualifications and experiences in valuation of similar instruments.

The Group used the indicative pre-money IPO valuation method to determine the underlying equity value of the Company and performed an equity allocation based on a Binomial Option Pricing model ("OPM model") to arrive the fair value of the Preferred Shares as at the end of the reporting period.

In addition to the underlying share value of the Group determined by indicative pre-money IPO valuation method, other key valuation assumptions used in OPM model to determine the fair value are as follows:

	At June 30, 2021 (Unaudited)
Time to liquidation	**2.5 years**
Time to redemption	**2.5 years**
Dividend yield	**0%**
Risk-free interest	**0.36%**
Possibilities under IPO scenario	**70%**
Possibilities under liquidation scenario	**15%**
Possibilities under redemption scenario	**15%**
Volatility	**75%**

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

16. FINANCIAL LIABILITIES AT FVTPL *(Continued)*

Preferred Shares (Continued)

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

	Preferred Shares USD'000	Gross obligation from Share Purchase Option written USD'000	Total USD'000	Total RMB'000
At January 1, 2020 (Audited)	217,589	41,711	259,300	1,808,929
Issuance of Series B-5 Preferred Shares	5,400	33,919	39,319	257,745
Issuance of Series C-1 Preferred Shares	67,822	–	67,822	445,485
Exercise of Share Purchase Option	73,173	(73,173)	–	–
Changes in fair value (note)	(5,275)	(2,457)	(7,732)	(37,926)
At December 31, 2020 (Audited)	358,709	–	358,709	2,474,233
Issuance of Series C-1 Preferred Shares	43,275	–	43,275	278,292
Changes in fair value (note)	143,539	–	143,539	771,608
At June 30, 2021 (Unaudited)	545,523	–	545,523	3,524,133

Note: Changes in fair value presented in RMB includes effect of exchange on translation from US$ balances.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

17. SHARE CAPITAL

	Number of ordinary shares	Amount US$'000
Ordinary shares		
Ordinary shares of US$0.0001 each		
Authorised		
At January 1, 2020 (Audited)	476,359,836	48
Classification and designation on issuance of Series B-5 Preferred Shares – second closings (note i)	(10,770,428)	(1)
Classification and designation on issuance of Series B-5 Preferred Shares – third closings (note i)	(5,595,027)	(1)
Increase in authorized shares (note ii)	179,375,218	18
Classification and designation on issuance of Series C-1 Preferred Shares (note ii)	(78,146,401)	(8)
At December 31, 2020 (Audited) and June 30, 2021 (Unaudited)	561,223,198	56

	Number of shares	Amount US$'000	Equivalent amount of ordinary shares RMB'000
Issued and fully paid			
At January 1, 2020 (Audited)	64,184,427	6	44
Issued during the year to Dr. Qian	425,000	–*	–*
Issuance of ordinary shares in relation to exercise of share options	35,740,878	4	24
Repurchased and canceled during the year (note iii)	(3,088,302)	–*	(2)
At 31 December 2020 (Audited)	97,262,003	10	66
Issuance of shares held on trust (note iv)	2,670,445	–*	2
Issuance of ordinary shares in relation to exercise of share options	362,040	–*	–*
Issuance of treasury shares (note v)	7,465,785	1	5
At June 30, 2021 (Unaudited)	107,760,273	11	73

* Amount is less than US$1,000 or RMB1,000.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

17. SHARE CAPITAL *(Continued)*

Notes:

(i) On 2 December 2019, 14 February 2020 and 13 May 2020, respectively, pursuant to resolution of directors, the Company designated and classified a total of 75,190,528 shares in its authorized capital as Series B-5 Preferred Shares.

(ii) Pursuant to a resolution of directors passed on 18 November 2020, the number of authorized shares for issue increased by 179,375,218 shares. The Company designated and classified a total of 78,146,401 shares in its authorized capital as Series C-1 Preferred Shares.

(iii) On 2 November 2020, the Company repurchased 3,088,302 shares from Dr. Qian (as nominee shareholder for the benefit of other shareholders) at a price of US$5,763,000 (equivalent to RMB37,890,000).

(iv) On February 10, 2021, the Company issued a total number of 2,670,445 ordinary shares to Success Reach International Limited whose entire share capital is held by Trident Trust Company (HK) Limited in trust, being served as the trustee of the Success Reach Trust. Success Reach Trust is an irrevocable trust established by the Company for the benefit of certain participants under the Pre-IPO Equity Incentive Plan as fully explained in the Accountants' Report. The amount is presented as treasury shares in the condensed consolidated statements of financial position of the Group.

(v) On June 22, 2021, the Company issued 2,965,785 ordinary shares to Success Reach International Limited and 4,500,000 ordinary shares to Success Link International L.P. to hold on behalf of future participants of the Pre-IPO Equity Incentive Plan for nil consideration. The amount is presented as treasury shares in the condensed consolidated statements of financial position of the Group.

18. SHARE-BASED PAYMENT TRANSACTIONS

(a) Pre-IPO Equity Incentive Plan

The Transcenta Holding Limited 2019 Equity Incentive Plan ("Pre-IPO Equity Incentive Plan") was effective since January 1, 2019. The purpose of the Pre-IPO Equity Incentive Plan was to provide incentives to employees, directors and consultants in order to promote the success of the business of the Company.

Under the Pre-IPO Equity Incentive Plan, the board of directors may grant share options or restricted share units to eligible employees, directors and consultants. The maximum number of shares which may be issued pursuant to all awards granted under the Pre-IPO Equity Incentive Plan is 69,325,254, subject to any adjustments to reflect any share dividends, share splits, or similar transactions. The Pre-IPO Equity Incentive Plan will expire on its 10th anniversary.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

18. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Pre-IPO Equity Incentive Plan (Continued)

The following table discloses movements of the Company's share options held by grantees during the current interim period:

	Number of share options		Weighted average exercise price
	Directors of the Company '000	Employees '000	
At January 1, 2021	12,808	6,460	0.54
Granted during the period	–	–	–
Forfeited during the period	–	(8)	0.41
Exercised during the period	–	(362)	0.11
At June 30, 2021 (unaudited)	12,808	6,090	0.55

As at June 30, 2021, total 7,575,000 share options are exercisable.

The Group recognized the total expense of RMB6,042,000 (unaudited) and RMB11,475,000 (unaudited) for the six months ended June 30, 2021 and June 30, 2020, respectively, in relation to share options granted by the Company.

19. FINANCIAL INSTRUMENTS

a. Fair value measurements of financial instruments

Fair value measurements and valuation processes

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of the financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

19. FINANCIAL INSTRUMENTS *(Continued)*

a. *Fair value measurements of financial instruments (Continued)*

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

Financial liabilities	Fair value as at June 30, 2021 RMB'000 (Unaudited)	Fair value as at December 31, 2020 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
Financial liability at FVTPL	**3,524,133**	2,474,233	Level 3	Back-solve Model and OPM Model – the key inputs are: IPO probability, risk free interest rate, volatility and dividend yield	Volatility

A 5% increase/decrease in volatility, while all other variables keep constant, would decrease/increase the carrying amount of Preferred Shares as at June 30, 2021 by RMB3,556,000/RMB3,434,000.

There were no transfers between level 1 and level 2 during the period.

Reconciliation of Level 3 fair value measurements

Detail of reconciliation of Level 3 fair value measurement for financial liabilities at FVTPL are set out in Note 16 and the fair value gains or losses are included in 'other gains and losses, net'.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amount of financial assets and liabilities measured at amortized cost in the condensed consolidated financial statements approximates the fair value based on the discounted cash flow analysis.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2021

20. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of key management of the Group during the reporting period were as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term benefits	**7,794**	6,441
Post-employment benefits	**879**	576
Share-based payments	**4,673**	2,880
	13,346	9,897

21. SUBSEQUENT EVENTS

The following significant events took place subsequent to June 30, 2021:

On September 29, 2021, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issue of 40,330,000 new shares of par value of US$0.0001 each at the offer price of HK$16.0 per share. The gross proceeds arising from the listing amounted to approximately HK$645 million.

Definitions

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board"	the board of directors of our Company
"CDMO"	contract development and manufacturing organization
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"China" or the "PRC"	the People's Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CIC Report"	the report prepared by China Insights Industry Consultancy Limited (灼識企業管理諮詢(上海)有限公司), a market research and consulting company, an Independent Third Party
"CMC"	chemistry, manufacturing and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"Company", "our Company" or "the Company"	Transcenta Holding Limited (創勝集團醫藥有限公司) (formerly named Mabspace International Limited), a limited liability company incorporated under the laws of the British Virgin Islands on August 20, 2010 and continued in the Cayman Islands on March 26, 2021 as an exempted company with limited liability under the laws of Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of our Company
"Eli Lilly"	Eli Lilly and Company, a U.S. company, organised and existing under the laws of the State of Indiana on January 17, 1901, having a place of business at Lilly Corporate Center, Indianapolis, Indiana 46285
"FDA"	U.S. Food and Drug Administration

Definitions

"Global Offering"	the Hong Kong Public Offering and the International Offering as defined and described in the Prospectus
"GMP"	Good Manufacturing Practice, a system for ensuring that products are consistently produced and controlled according to quality standards. It is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Latest Practicable Date"	September 20, 2021, being the latest practicable date for ascertaining certain information in this interim report before its publication
"LAV Group"	LAV Biosciences Fund III, L.P., Lilly Asia Ventures Fund III, L.P., LAV Vitality Limited, LAV Verdure Limited, LAV Biosciences Fund V, L.P., LAV Altitude Limited and LAV Acuity Limited
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	September 29, 2021, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange

Definitions

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"NDA"	new drug application, submission of which is the vehicle through which drug sponsors formally propose that the relevant drug regulatory authority approve a new pharmaceutical for sale and marketing
"NMPA"	National Medical Products Administration of China (國家藥品監督管理局), the successor of the China Food and Drug Administration (國家食品藥品監督管理總局), the State Food and Drug Administration (國家食品藥品監督管理局), and the State Drug Administration (國家藥品監督管理局)
"Post-IPO Share Award Scheme"	the post-IPO share award scheme conditionally approved and adopted by our Company on June 18, 2021
"Pre-IPO Equity Incentive Plan"	the employee equity plan approved and adopted by our Company and effective since January 1, 2019 (as amended from time to time)
"Prospectus"	the prospectus of the Company dated September 14, 2021
"Reporting Period"	the six months ended June 30, 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent