Ocumension Therapeutics
歐康維視生物

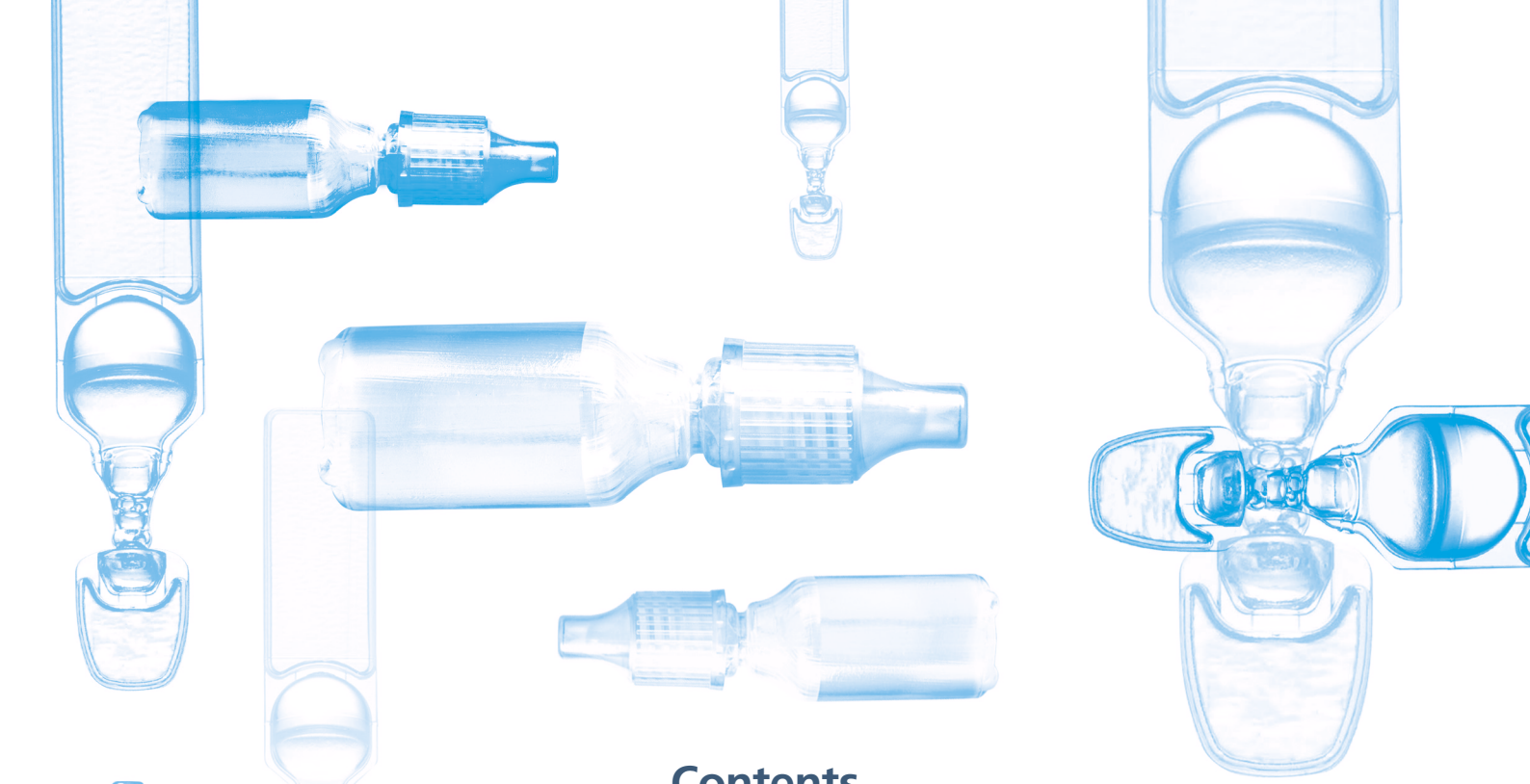
(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 1477

2020
INTERIM REPORT 中期報告

Virtus et Lumen

勇氣和光明



Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Lian Yong CHEN *(Chairman of the Board)*
Mr. Ye LIU *(Chief Executive Officer)*
Dr. Zhaopeng HU
Dr. Wei LI

Non-executive Directors

Mr. Yanling CAO
Mr. Lefei SUN

Independent Non-executive Directors

Mr. Ting Yuk Anthony WU
Mr. Lianming HE
Mr. Yiran HUANG

AUTHORISED REPRESENTATIVES

Mr. Ye LIU
Ms. Pui Chun Hannah SUEN

AUDIT COMMITTEE

Mr. Ting Yuk Anthony WU *(Chairman)*
Mr. Lianming HE
Mr. Yiran HUANG

REMUNERATION COMMITTEE

Mr. Lianming HE *(Chairman)*
Mr. Ting Yuk Anthony WU
Mr. Yiran HUANG

NOMINATION COMMITTEE

Dr. Lian Yong CHEN *(Chairman)*
Mr. Lianming HE
Mr. Yiran HUANG

JOINT COMPANY SECRETARIES

Ms. Yun JI
Ms. Pui Chun Hannah SUEN
(associate member of HKICS)

HONG KONG LEGAL ADVISER

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway Admiralty
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road
Central, Hong Kong

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

502-1 Want Want Plaza
211 Shimen Yi Road
Jing'an District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG SHARE REGISTRAR

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

STOCK CODE

1477

COMPANY WEBSITE

www.ocumension.com

Financial Summary

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**(1,952)**	–
Cost of sales	**22**	–
Loss before tax	**(1,741,770)**	(247,939)
Loss and total comprehensive expenses for the period	**(1,741,770)**	(247,939)
Non-IFRS adjusted net loss for the period[(1)]	**(61,185)**	(36,982)

Note:

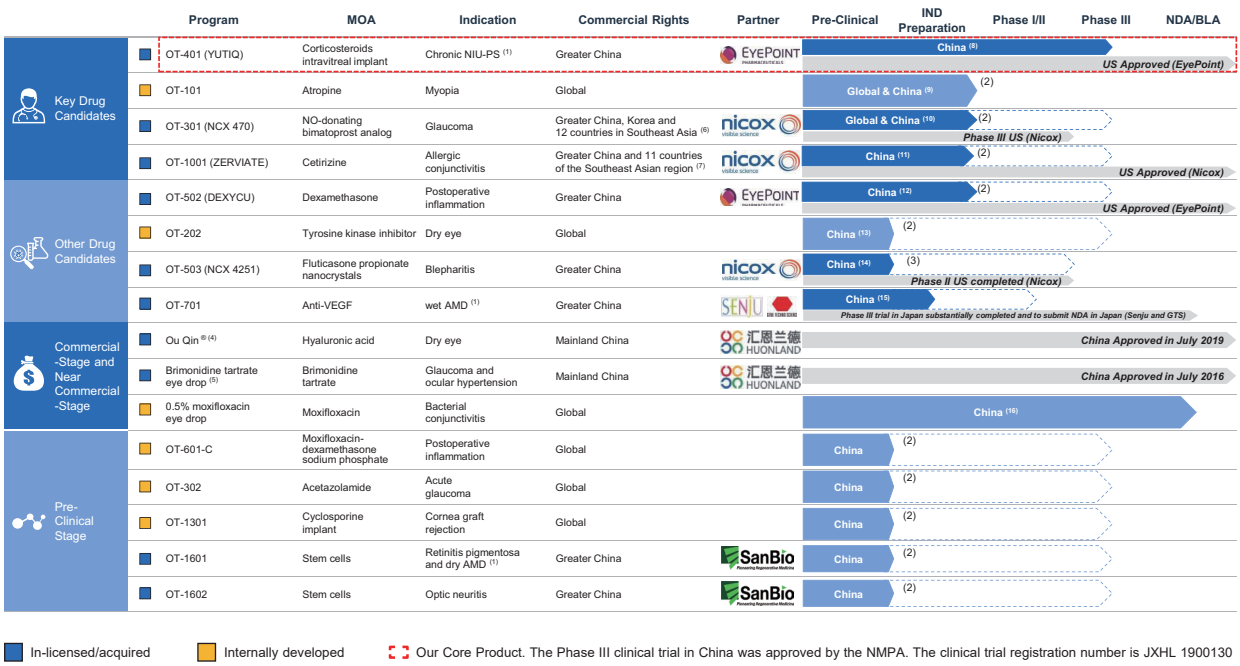
(1) Non-IFRS Measure

Non-IFRS adjusted net loss for the period is defined as loss and total comprehensive expenses for the period adjusted by adding back non-cash adjustments of (i) fair value loss of financial liabilities at fair value through profit or loss ("FVTPL") and (ii) share-based payment expenses. The following table reconciles our non-IFRS adjusted net loss for the period with our loss and total comprehensive expenses for the period, which is the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss and total comprehensive expense for the period	**(1,741,770)**	(247,939)
Add:		
Fair value loss of financial liabilities at FVTPL	**1,511,681**	187,784
Share-based payment expenses	**168,904**	23,173
Non-IFRS adjusted net loss for the period	**(61,185)**	(36,982)

We are a China-based ophthalmic pharmaceutical platform company dedicated to identifying, developing and commercializing first- or best-in-class ophthalmic therapies. Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. We believe our platform positions us well to achieve leadership in China ophthalmology, with a first-mover advantage over future competitors.

Leveraging our platforms, we have built a strategically designed ophthalmic drug portfolio that is comprehensive, innovative and validated. As of June 30, 2020, we had 16 drug assets in our portfolio, covering all major front- and back-of-the-eye diseases. We have four key drug candidates in development in China, which we believe will potentially be first- or best-in-class if approved and have significant near-term revenue potential from as early as 2022. Our product portfolio includes three of the ten ophthalmic drugs approved by the FDA since 2015 that are not yet available in China in any formulation. Additionally, our product portfolio includes three drugs that are in or near the commercial stage. The following table summarizes our product portfolio and the status of each asset as of June 30, 2020.



In-licensed/acquired Internally developed Our Core Product. The Phase III clinical trial in China was approved by the NMPA. The clinical trial registration number is JXHL 1900130

Notes:
1. Chronic NIU-PS refers to chronic non-infectious uveitis affecting the posterior segment of the eye. AMD refers to age-related macular degeneration
2. May not require Phases I and II clinical trials prior to beginning Phase III clinical trials
3. May not require Phase I clinical trials prior to beginning Phases II clinical trials
4. We acquired Ou Qin from Huonland and are entitled to all drug registration certificates and data related to Ou Qin. We plan to register ourselves as the MAH of Ou Qin
5. We are the exclusive sales agent of brimonidine tartrate eye drop in Mainland China. Huonland is the drug registrant and registered manufacturer of brimonidine tartrate eye drop
6. Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philippines, Singapore, Thailand, Timor Leste and Vietnam
7. Including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Papua New Guinea, the Philippines, Singapore, Thailand and Timor Leste
8. China: to submit NDA in 1H2022
9. Global: Phase III trial expected in 2H2020 in the United States, in 1H2021 in the EU and in mid 2021 in China subject to IND approval from the FDA, EMA and CDE
10. Global: 1st Phase III trial initiated in June 2020 in the United States, 2nd Phase III trial expected in 2H2020 subject to IND approval from the FDA and CDE; China: Phase III trials expected in 4Q2020 subject to IND approvals from the CDE
11. China: Phase III trial expected in 2H2020
12. China: Phase III trial expected in 2Q2021
13. China: to submit IND in 1H2021
14. China: expected Phase II trial in 2Q2021 and Phase III trial in 4Q2022
15. China: to submit IND for Phase I trial in late 2021 and Phase I trial expected in 2Q2022 and Phase III trial expected in 2Q2023
16. China: generic drug registration submitted in January 2020

BUSINESS REVIEW

Product Portfolio

As of June 30, 2020, we had a portfolio of 16 ophthalmic drug assets, including 4 key drug candidates, 4 other drug candidates, 3 commercial-stage and near commercial-stage assets, and 5 preclinical-stage drug candidates. The progress we made with respect to our product pipeline during the first half of 2020 is discussed hereunder. As of the date of this report, no material adverse change had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Key Drug Candidates

OT-401 (YUTIQ)

- Product overview

  OT-401 (YUTIQ), our Core Product, is an innovative injectable, sustained-release micro-insert for the treatment of chronic NIU-PS. Our licensing partner, EyePoint, received NDA approval for YUTIQ from the FDA in October 2018 for the treatment of chronic NIU-PS. We are developing (including conducting a bridging Phase III clinical trial and seeking regulatory approvals) OT-401 (YUTIQ) as a potential first-in-class treatment for chronic NIU-PS in China.

  YUTIQ is a sterile non-bioerodible intravitreal implant designed to provide sustained release of a total of 0.18 mg of the active ingredient fluocinolone acetonide, a corticosteroid, at a controlled rate for up to 36 months from a single administration performed in an outpatient visit. To date, YUTIQ is the first and only FDA-approved uveitis treatment designed to deliver fluocinolone for up to 36 months. In China, there is no standard of care for uveitis.

- Progress on product development

  We obtained an IND approval from the NMPA to initiate a bridging Phase III clinical trial in China for OT-401 for the treatment of chronic NIU-PS in August 2019. The trial is currently ongoing. As of June 30, 2020, we had recruited a total of 31 patients. We plan to complete the clinical study report of a 12-month follow-up in the first quarter of 2022 and make an NDA submission for OT-401 in the first half of 2022.

Separately, we applied for and received approval to use YUTIQ in the Boao Pilot Zone in Hainan Province, taking advantage of favorable government policies to import foreign drugs not yet generally approved in China for urgent medical needs. As of June 30, 2020, YUTIQ was the first and remained the only ophthalmic drug approved for use in the Boao Pilot Zone. As of the same date, we had enrolled 20 patients (27 eyes), 10 patients (11 eyes) of which had received injection under the program.

OT-101

- Product overview

  OT-101 is a low-concentration atropine 0.01% eye drop developed to retard, or slow down, the progression of myopia in children and adolescents. The instability of low-concentration atropine solutions has long been a technical barrier for its commercialization. As of June 30, 2020, there was no atropine eyes drop that has been approved by NMPA for commercialization.

- Progress on product development

  We submitted another pre-IND meeting application to the EMA in April 2020, and obtained a scientific advice letter from the EMA in June 2020. Our application for PIP was accepted by the EMA on July 13, 2020. We plan to initiate the Phase III MRCT clinical trial in the United States in the second half of 2020 and in the EU in the first half of 2021. We also plan to initiate the Phase III MRCT clinical trial in China in mid 2021.

OT-301(NCX 470)

- Product overview

  OT-301 (NCX 470) is a first-in-class, second-generation nitric oxide (NO)-donating bimatoprost analog, intended to lower IOP in open-angle glaucoma and ocular hypertension. Its dual mechanism of action allows activation of both the primary and secondary aqueous humor outflows of the eye, leading to a greater IOP-lowering effect.

  OT-301 (NCX 470) is a potential best-in-class treatment drug candidate for lowering IOP in glaucoma and ocular hypertension patients. OT-301 (NCX 470) demonstrated a superior IOP-lowering treatment effect compared with latanoprost, the most widely prescribed first-line therapy for glaucoma and ocular hypertension in China, in its Phase II clinical trial which was completed in August 2019, sponsored by our licensing partner Nicox.

- Progress on product development

  We and our licensing partner Nicox plan to initiate two Phase III MRCTs of OT-301 (NCX 470) in 2020. These two Phase III clinical trials are both aiming to evaluate the safety and efficacy of NCX 470 in subjects with open-angle glaucoma or ocular hypertension. In particular, these Phase III clinical trials will aim to demonstrate that NCX 470 of 0.065% or 0.1% concentration is non-inferior and superior to latanoprost ophthalmic solution 0.005%, as well as to demonstrate that it is well-tolerated when administered for a period planned to be up to 12 months. The first Phase III clinical trial was initiated in the United States first by Nicox in June 2020. The second Phase III clinical trial, or the Denali trial, is expected to be initiated in the second half of 2020. We will jointly manage and equally fund the Denali trial with Nicox and manage trials conducted in clinical sites in China and oversee the US arm of the Denali trial. Subject to IND approvals from the NMPA, we plan to initiate Chinese arms of both trials in the fourth quarter of 2020 (having taken impact of the COVID-19 pandemic into consideration). We may use data from both trials to support our NDA submission in China in the future. On July 27, 2020, NMPA accepted our IND application for joining the first Phase III MRCT studies.

OT-1001 (ZERVIATE)

- Product overview

  OT-1001 (ZERVIATE) is an antihistamine cetirizine eye drop for the treatment of ocular itching associated with allergic conjunctivitis.

  Our licensing partner, Nicox, received NDA approval from the FDA in May 2017 for ZERVIATE (cetirizine ophthalmic solution at 0.24% concentration) for the treatment of ocular itching associated with allergic conjunctivitis in patients two years of age and older in the United States.

- Progress on product development

  We filed a pre-IND consultation application in April 2020 and NMPA accepted our IND application on June 29, 2020. Subject to IND approvals to be obtained from the NMPA, we plan to initiate the Phase III clinical trial in China in the fourth quarter of 2020. We expect that OT-1001 may qualify for special expedited review and approval program in China by leveraging ZERVIATE's FDA data since it has already been approved by the FDA.

Other Drug Candidates

OT-502 (DEXYCU®)

- Product overview

  OT-502 (DEXYCU®) is a single-dose, sustained-release solution of dexamethasone, a corticosteroid, for the treatment of postoperative inflammation. To date, DEXYCU® is the first and only FDA-approved, single-dose, sustained-release steroid for the treatment of postoperative inflammation. DEXYCU was launched in the United States in March 2019. We are developing OT-502 as a potential first-in-class treatment for postoperative inflammation associated with cataract surgery in China. We plan to discuss with the NMPA to conduct a bridging Phase III clinical trial for OT-502, which is expected to commence in the second quarter of 2021, to support our NDA submission in China.

- Progress on product development

  We submitted a pre-IND meeting application to the CDE in May 2020. Our regulatory affair team may further arrange communications with CDE regarding Phase III bridging clinical trial and communications with the Center for Medical Device Evaluation of NMPA (國家藥品監督管理局醫療器械技術審評中心) regarding document and test requirements for medical device (as OT-502 may be packaged with an injection device).

OT-503 (NCX 4251)

- Product overview

  OT-503 (NCX 4251), an ophthalmic suspension of fluticasone propionate nanocrystals, is an innovative targeted topical treatment for acute exacerbations of blepharitis. We believe OT-503 has the potential to be first-in-class in China as there is no treatment solely indicated for blepharitis in China.

- Progress on product development

  Our licensing partner Nicox had completed a Phase II clinical trial in the United States in December 2019, and had announced in April 2020 that a positive meeting was held with the FDA in which next clinical trial designs were discussed. We analyzed the efficacy and safety data in Nicox's Phase II clinical trial, and formulated our clinical trial plan in China. Subject to the development progress to be made by Nicox, we plan to commence a Phase II clinical trial in the second quarter of 2021, and a Phase III clinical trial in the fourth quarter of 2022 in China.

Commercial-Stage and Near Commercial-Stage Assets

Ou Qin®

- Product overview

  Ou Qin® (0.3% Hyaluronic Acid) is an NMPA-approved hyaluronic acid eye drop to treat dry eye. It has a unique dosage form (0.3% concentration in 0.8 ml single-dose packaging) and potentially an improved safety profile compared to similar drugs as it is free of preservatives.

- Progress on commercialization

  In December 2019, we entered into a hyaluronic acid eye drop technology transfer agreement, or the Ou Qin® Acquisition Agreement, with Huonland, pursuant to which Huonland agreed to transfer all its rights to 0.8 mL dose hyaluronic acid eye drop of 0.3% concentration, which we have internally named Ou Qin®, to us, and prior to the completion of such transfer, grant us an exclusive sales right in China. We are entitled to receive service fee derived from the sales of Ou Qin® prior to the completion of the transfer. In March 2020, we entered into a commissioned manufacturing agreement, or the Ou Qin® Manufacturing Agreement, with Huonland. Pursuant to the Ou Qin® Manufacturing Agreement, after the completion of the transfer of rights of Ou Qin®, we agreed to engage Huonland for manufacturing and supply of Ou Qin® in China for a term of five years commencing from March 2020.

We launched Ou Qin® in April 2020. We also plan to further our collaboration with eye hospitals and assist in the establishment of dry eye clinics in such hospitals. As of June 30, 2020, we won biddings in nine provinces (including provincial level autonomous regions and/or municipalities).

Brimonidine tartrate eye drop

- Product overview

  Brimonidine tartrate eye drop is an NMPA-approved generic eye drop to treat open-angle glaucoma and ocular hypertension. Brimonidine tartrate is an alpha-2 adrenergic receptor agonist, which may lower intraocular pressure by reducing aqueous humor formation and enhancing uveoscleral outflow. Brimonidine tartrate also has a good safety profile with minimal side effects and adverse events and has benefits of protecting cardio-pulmonary function.

- Progress on commercialization

  In February 2020, we entered into an exclusive sales agency agreement, or the brimonidine tartrate eye drop Sales Agency Agreement, with Huonland, pursuant to which Huonland agreed to (i) grant us an exclusive sales right to its brimonidine tartrate eye drop in China for a term of five years commencing from March 2020, (ii) manufacture and supply brimonidine tartrate eye drop to us during the agreed term, and (iii) pay us an amount equal to the difference between the price we charge distributors and agreed supply price we paid to Huonland as our service fee.

  We are the exclusive sales agent of brimonidine tartrate eye drop in China for Huonland, which remains the drug registrant and registered manufacturer of brimonidine tartrate eye drop. We launched brimonidine tartrate eye drop in March 2020. As of June 30, 2020, we won biddings in 16 provinces (including provincial level autonomous regions and/or municipalities).

0.5% moxifloxacin eye drop

- Product overview

  0.5% moxifloxacin eye drop is an antibiotic eye drop to treat bacterial conjunctivitis. We are developing 0.5% moxifloxacin eye drop as a generic to Vigamox, which was developed by Alcon and approved by the FDA in 2003 and the NMPA in 2018. 0.5% moxifloxacin eye drop is one of the fourth-generation quinolones with better efficacy compared with drugs of earlier generations as it blocks the activity of both types of enzymes that are essential in certain species of bacteria's DNA replication.

- Progress on commercialization

  In January 2019, we entered into a manufacturing outsourcing agreement, or the 0.5% moxifloxacin eye drop Manufacturing Agreement, with Huonland, pursuant to which upon obtaining the generic drug registration certificate approval, we, the MAH of 0.5% moxifloxacin eye drop, agreed to (i) outsource the manufacturing of 0.5% moxifloxacin eye drop, to Huonland, the production approval holder, for a term of at least five years commencing from the date we received generic drug registration certificate approval for 0.5% moxifloxacin eye drop, and (ii) pay Huonland a commission fee for the manufacturing service. We are entitled to change the manufacturer of 0.5% moxifloxacin eye drop as a MAH upon expiration of the 0.5% moxifloxacin eye drop Manufacturing Agreement.

  We submitted an generic drug registration certificate for 0.5% moxifloxacin eye drop to the NMPA in January 2020 and are expecting approval in the first half of 2021. We are not required to conduct clinical trials for 0.5% moxifloxacin eye drop but are only required to conduct a comparability study instead. We plan to launch 0.5% moxifloxacin eye drop rapidly upon approval.

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

Research and Development

As of June 30, 2020, our research and development team had 26 members, including 5 members holding M.D. or Ph.D. degrees and 12 members holding master's degrees. Members of our research and development team have multidisciplinary backgrounds. They have extensive expertise in ophthalmology, pharmacology, toxicology, traditional medicine and chemistry. In addition, 4 members of our research and development team have over ten years of experience in ophthalmology.

To further enhance our research capability, we are developing a state-of-the-art research laboratory within the manufacturing facility in Suzhou, which is expected to be one of the largest ophthalmic laboratories in China. The laboratory is expected to commence operation in September 2021 with approximately 20 dedicated research and development personnel. We plan to conduct research activities on development of innovative and generic ophthalmic drugs such as sterile solutions, gels and suspensions, nano or micro emulsions.

Manufacturing

As of June 30, 2020, we had not produced drug products by ourselves. Pursuant to the Ou Qin® Acquisition Agreement, Huonland agreed to transfer all its rights to Ou Qin® to us, and grant us the exclusive sales right to Ou Qin® in China before such transfer is completed. Additionally, Huonland agreed to manufacture and supply Ou Qin® to us before the transfer is completed. After the transfer is completed, we will engage Huonland as our contract manufacturing organization (CMO) for Ou Qin®. Pursuant to the brimonidine tartrate eye drop Sales Agency Agreement, we were granted the exclusive sales right to brimonidine tartrate eye drop in China, and Huonland agreed to manufacture and supply brimonidine tartrate eye drop to us. We do not foresee any major difficulties in finding alternative manufacturers if any of the current manufacturers' production suspends. During the six months ended June 30, 2020, all Ou Qin® and brimonidine tartrate eye drop sold by us were manufactured and supplied by Huonland.

We are also developing our own manufacturing capability. We have strategically selected Suzhou as the site of our manufacturing facility. Suzhou is one of national centers of life science industries and the Suzhou government has implemented various favorable policies to foster the growth of innovative pharmaceutical companies. Benefiting from such favorable policies, we cooperate with the Suzhou government in developing our manufacturing facility. Pursuant to a cooperation agreement between our Group and Suzhou Wuzhong Economic and Technological Development Zone Management Committee (蘇州吳中經濟技術開發區管理委員會), Suzhou Xiaxiang is constructing a manufacturing facility for us in Suzhou to meet our future needs.

The Suzhou manufacturing facility is expected to occupy a site area of approximately 30,000 sq.m., and is expected to begin trial production in September 2021. It is planned to have four production workshops with a total planned capacity of up to 455.0 million doses per year. The four production shops are intended for the manufacturing of general ophthalmic drugs, hormonal ophthalmic drugs, ophthalmic ointment and ophthalmic devices. Once completed, our Suzhou manufacturing facility is expected to have a larger manufacturing capacity compared to existing ophthalmology-specialized pharmaceutical manufacturing facilities in China. Our Suzhou manufacturing facility is designed to be capable of producing most of our key products, including OT-401. We plan to use the Suzhou manufacturing facility to produce drugs that we have the manufacturing rights, including potentially OT-301, OT-1001 and OT-503.

Future and Outlook

Our vision is to provide a world-class pharmaceutical total solution to address significant unmet ophthalmic medical needs in China. "Always be able to provide solutions to the patients and doctors once there is any need of treatment of eye disease," with an aim to becoming such a solution provider in Chinese ophthalmology pharmaceutical industry, the short term goal of Ocumension is to become a leading ophthalmology company in China. To achieve this goal, we will use our best efforts to:

1) accelerate the clinical registration of our products and bring more of our key products into Phase III clinical study;

2) extend the portfolio coverage to more eye diseases, especially to those commercial stage or later stage products. We will focus on ophthalmology field and reinforce our advantage with stronger pipeline products, including not only pharmaceutical products but also non-pharmaceutical products;

3) complete the construction of our state-of-the-art research laboratory and manufacturing facility, and build up a stable supply chain to our future business; and

4) establish a well-organized commercial network covering more hospitals with expertise in ophthalmology.

As a young and aggressive company, Ocumension is growing rapidly in all aspects. We will continue to use our best efforts to grow our business to become a well-established and self-sufficient professional ophthalmology company within a short period of time.

FINANCIAL REVIEW

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**1,952**	–
Cost of sales	**(22)**	–
Gross profits	**1,930**	–
Other income	**8,072**	24
Other gains and losses	**(1,492,253)**	(190,019)
Research and development expenses	**(52,109)**	(30,762)
Administrative expenses	**(150,667)**	(27,154)
Selling and marketing expenses	**(16,426)**	–
Listing and other expenses	**(40,294)**	–
Finance costs	**(23)**	(28)
Loss and total comprehensive expenses for the period	**(1,741,770)**	(247,939)
Non-IFRS measure:		
Adjusted loss and total comprehensive expenses for the period	**(61,185)**	(36,982)

Overview

For the six months ended June 30, 2020, we recorded revenue of RMB2.0 million, which include (i) RMB1.5 million attributable to the promotion service relating to Ou Qin® and brimonidine tartrate eye drop; and (ii) RMB0.4 million attributable to the sales of OT-401, as compared with no revenue generated for the six months ended June 30, 2019, and recorded the loss and total comprehensive expenses of RMB1,741.8 million, as compared with RMB247.9 million for the six months ended June 30, 2019.

Our research and development expenses for the six months ended June 30, 2020 was RMB52.1 million, representing an increase of 69% from RMB30.8 million for the six months ended June 30, 2019, primarily due to expansion of the research and development capacity and increased expenses incurred for clinical trials and research and development activities for our key products.

Revenue

For the six months ended June 30, 2020, we generated revenue of RMB2.0 million from (i) the sales of ophthalmic pharmaceutical products, namely OT-401; and (ii) the pharmaceutical products promotion services, namely promotion services relating to Ou Qin® and brimonidine tartrate eye drop. The following table sets forth the components of the revenue for the periods indicated.

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of ophthalmic pharmaceutical products	**434**	–
Pharmaceutical products promotion services	**1,518**	–
Total Revenue	**1,952**	–

For sales of ophthalmic pharmaceutical products to customers, revenue is recognized at a point in time when control of the pharmaceutical products is passed to customers, i.e. when the products are delivered and titles have passed to customers upon receipt by customers. For promotion services, revenue is recognized at a point in time when we satisfy our obligation to arrange for sales and delivery of the pharmaceutical products.

Cost of Sales

Our cost of sales consist of the purchase price of goods. For the six months ended June 30, 2020, we recorded cost of sales of RMB0.02 million attributable to the the sales of OT-401, while no cost of sales was recorded for the six months ended June 30, 2019.

Other Income

Our other income consists of bank interest income arising from our bank deposit. For the six months ended June 30, 2020, our other income was RMB8.1 million, increasing from RMB0.02 million for the six months ended June 30, 2019. The increase was primarily due to the bank interest of the fund raised from our series B financing completed in June 2019.

Other Gains and Losses

For the six months ended June 30, 2020, our other gains and losses primarily consist of fair-value loss of preferred shares of RMB1,511.7 million increase from RMB187.8 million for the six months ended June 30, 2019. This fair value loss of preferred shares was a non-cash and non-recurring accounting adjustment, representing the changes in fair value of the conversion option associated with the preferred shares of the Company. We will not incur any additional losses related to the fair value changes of preferred shares upon the completion of the Listing.

Selling and Marketing Expenses

Our selling and marketing expenses mainly consist of salary and benefits expenses for our commercial team. For the six months ended June 30, 2020, our selling expenses were RMB16.4 million.

Research and Development Expenses

For the six months ended June 30, 2020, our research and development expenses increased by RMB21.3 million, or 69.4%, to RMB52.1 million from RMB30.8 million for the six months ended June 30, 2019. The increase was due to (i) the expansion of the research and development capacity and; and (ii) the increased expenses incurred for clinical trials and research and development activities for our key products.

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

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Third-party contracting costs and upfront and milestone payments	**12,514**	23,319
Staff costs	**37,875**	6,155
Depreciation and amortization	**252**	26
Others	**1,468**	1,062
Total research and development expenses	**52,109**	30,762

Administrative Expenses

Our administrative expenses consist of salaries and other expenses such as benefits, travel and share-based compensation expenses.

For the six months ended June 30, 2020, our administrative expenses were RMB150.7 million, representing an increase of RMB123.5 million from RMB27.2 million for the six months ended June 30, 2019, which is primarily attributable to the increase in staff costs including share-based compensation expenses.

Income Tax Expenses

Our income tax expense for the six months ended June 30, 2020 was nil (six months ended June 30, 2019: nil).

Listing Expense

For the six months ended June 30, 2020, we recognized one-off listing expenses of RMB39.7 million incurred in connection with our Listing on July 10, 2020. No such expenses were recognized for the six months ended June 30, 2019.

Loss for the Period

As a result of the above factors, for the six months ended June 30, 2020, our loss and total comprehensive expenses was RMB1,741.8 million, representing an increase of RMB1,493.9 million from RMB247.9 million for six months ended June 30, 2019.

Non-IFRS Measure

To supplement our condensed consolidated financial statements which are presented in accordance with IFRS, we also use a non-IFRS measure, adjusted net loss for the period, as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitates comparisons of our operating performance from period to period by eliminating impacts of such non-cash items (and, for fair value loss of financial liabilities at FVTPL, also an item that pertains to financial instruments that will cease upon Listing) that our management considers to be not indicative of our operating performance and provides useful information to investors and others in evaluating our operating results in the same manner of our management. However, our presentation of the adjusted net loss for the period may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS. We define adjusted net loss for the period as loss and total comprehensive expenses for the period adjusted by adding back (i) fair value loss of financial liabilities at FVTPL and (ii) share-based payment expenses. The following table reconciles our non-IFRS adjusted net loss for the period with our loss and total comprehensive expenses for the period, which is the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss and total comprehensive expense for the period	**(1,741,770)**	(247,939)
Add:		
Fair value loss of financial liabilities at FVTPL	**1,511,681**	187,784
Share-based payment expenses	**168,904**	23,173
Non-IFRS adjusted net loss for the period	**(61,185)**	(36,982)

Selected Data from Statement of Financial Position

Selected data from Statement of Financial Position	As at June 30, 2020 *RMB'000* (Unaudited)	As at December 31, 2019 *RMB'000* (Audited)
Total current assets	**1,072,882**	1,261,993
Total non-current assets	**172,774**	27,704
Total assets	**1,245,656**	1,289,697
Total current liabilities	**56,579**	39,435
Total non-current liabilities	**4,830,431**	3,318,750
Total liabilities	**4,887,010**	3,358,185
Net current assets	**1,016,303**	1,222,558

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) prepayments for research and development services; (ii) deferred issue costs; and (iii) value-added tax recoverable. We had RMB133.5 million trade and other receivables as of June 30, 2020, representing an increase of RMB119.2 million from RMB14.3 million as of December 31, 2019, primarily due to prepayment made for research and development services.

Other Financial Assets

Other financial assets measured at FVTPL represented the wealth management products we purchased. During the six months ended June 30, 2020, we purchased such wealth management products using our free cash. These wealth management products comprised risk-free or low-risk financial products with short-term or flexible redemption options issued by commercial banks or reputable financial institutions in China and the United States. Our other financial assets decreased from RMB497.7 million as of December 31, 2019 to RMB292.4 million as of June 30, 2020 as we redeemed these wealth management products upon maturity. The average expected rate of return of the wealth management products is approximately 3.0% per annum.

Working Capital and Source of Capital

Our primary uses of cash related to the development of its drug candidates and its payment for the purchase of equipment. We primarily funded our working capital requirement through equity financing and also generated cash from the limited sales of OT-401. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of June 30, 2020, our cash and cash equivalents amounted to RMB755.3 million (as of December 31, 2019: RMB192.4 million). Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

Borrowings

As of June 30, 2020, we did not have any borrowings (as of December 31, 2019: nil).

Capital Commitment

As of June 30, 2020, we did not have any capital commitment (as of December 31, 2019: nil).

Contingent Liabilities

As of June 30, 2020, we did not have any material contingent liabilities, guarantees or any litigation against us (as of December 31, 2019: nil).

Pledge of Assets

As of June 30, 2020, no asset has been pledged by our Group (as of December 31, 2019: nil).

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and term deposits with initial term of over three months, divided by total equity and multiplied by 100%. As of June 30, 2020, we were in a net cash position and thus, gearing ratio is not applicable.

Material Investments

The Group did not make any material investments during the six months ended June 30, 2020 (six months ended June 30, 2019: nil).

Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended June 30, 2020.

Material Investments and Capital Assets

Save as disclosed in this report, we had not authorized any plan for other material investments or acquisition of capital assets during the six months ended June 30, 2020.

Foreign Exchange

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Certain of our time deposits, bank balances and cash, other financial assets, trade and other receivables, trade and other payables, preferred shares and gross obligation from share purchase option written are denominated in foreign currencies, and are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, we manages the foreign exchange risk by closely monitoring our foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As of June 30, 2020, we had a total of 100 employees. For the six months ended June 30, 2020, the total remuneration cost incurred by the Group was RMB193.22 million (six months ended June 30, 2019: RMB18.06 million). The following table sets forth a breakdown of our employees by function as of June 30, 2020:

Function	Number	% of total
Commercial	48	48%
Research and development	26	26%
Management and administrative	18	18%
Manufacturing	8	8%
	100	100%

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees from time-to-time to ensure their awareness and compliance with our various policies and procedures. Some of the training is conducted jointly by departments serving different functions but working with or supporting each other in our day-to-day operations.

The remuneration of the employees of our Group comprises salaries, bonuses, employees' provident fund, share-based payment, and social security contributions and other welfare payments, which is determined by their responsibilities, qualifications, positions and seniority. In accordance with applicable laws and regulations, we has 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 the Group's employees.

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

As the Shares were listed on the Stock Exchange on the Listing Date, the Company was not required to keep any register under Part XV of the SFO as of June 30, 2020.

As of the date of this report, the interests and short positions of the Directors or chief executive of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares or underlying Shares of the Company

Name of Director	Name of interest	Number of Shares	Approximate percentage in shareholding
Mr. Ye LIU	Beneficial owner	47,963,490[(1)]	8.11%
Dr. Zhaopeng HU	Beneficial owner	3,881,940[(2)]	0.66%

Notes:

(1) Including 5,836,730 Shares directly held by him, 30,136,710 options granted under the ESOP and RSUs representing 11,990,050 Shares upon vesting granted under the RSU Scheme.

(2) Including 2,528,250 options granted under the ESOP and RSUs representing 1,353,690 Shares upon vesting granted under the RSU Scheme.

Save as disclosed above, as of the date of this report, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO) as recorded in the register required to be kept, pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As the Shares were listed on the Stock Exchange on the Listing Date, the Company was not required to keep any register under Part XV of the SFO as of June 30, 2020.

As of the date of this report, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares or underlying Shares of the Company

Name of shareholder	Nature of interest	Total number of Shares/ underlying shares	Approximate percentage in shareholding
6 Dimensions Capital *(Note 1)*	Beneficial interest	123,975,000	20.97%
6 Dimensions Affiliates *(Note 1)*	Beneficial interest	6,525,000	1.10%
6 Dimensions Capital GP, LLC *(Note 1)*	Interest in controlled corporation	130,500,000	22.08%
Suzhou Frontline II *(Note 2)*	Beneficial interest	91,350,000	15.45%
Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) *(Note 2)*	Interest in controlled corporation	91,350,000	15.45%
Suzhou 6 Dimensions *(Note 2)*	Beneficial interest	39,150,000	6.62%
Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業（有限合夥)) *(Note 2)*	Interest in controlled corporation	39,150,000	6.62%
Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) *(Note 2)*	Interest in controlled corporation	130,500,000	22.08%
Ziqing CHEN (陳梓卿) *(Note 2)*	Interest in controlled corporation	130,500,000	22.08%
Summer Iris Limited *(Note 3)*	Beneficial interest	78,214,230	13.23%
Boyu Capital Fund IV, L.P. *(Note 3)*	Interest in controlled corporation	78,214,230	13.23%
Boyu Capital General Partner IV, Ltd. *(Note 3)*	Interest in controlled corporation	78,214,230	13.23%
Boyu Capital Group Holdings Ltd. *(Note 3) (Note 4)*	Interest in controlled corporation	80,856,730	13.68%
TLS Beta Pte. Ltd. *(Note 5)*	Beneficial interest	54,169,400	9.16%
Temasek Life Sciences Private Limited *(Note 5)*	Interest in controlled corporation	54,169,400	9.16%
Fullerton Management Pte Ltd *(Note 5)*	Interest in controlled corporation	54,169,400	9.16%
Temasek Holdings (Private) Limited *(Note 5)*	Interest in controlled corporation	54,169,400	9.16%

Notes:

(1) For the purpose of the SFO, 6 Dimensions Capital GP, LLC, as the general partner of each of 6 Dimensions Capital and 6 Dimensions Affiliates, is deemed to have an interest in the Shares held by each of 6 Dimensions Capital and 6 Dimensions Affiliates.

(2) Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) is the general partner of Suzhou Frontline II. Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) is the general partner of Suzhou 6 Dimensions. Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) is the general partner of each of Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) and Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)), and is wholly held by Ziqing CHEN (陳梓卿). Ziqing CHEN (陳梓卿) is the father-in-law of Dr. Lian Yong CHEN, the Chairman and executive Director of our Company.

For the purpose of the SFO, (i) Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) is deemed to have an interest in the Shares held by Suzhou Frontline II; (ii) Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) is deemed to have an interest in the Shares held by Suzhou 6 Dimensions; and (iii) Ziqing CHEN (陳梓卿) and Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) are deemed to have an interest in the Shares held by each of Suzhou Frontline II and Suzhou 6 Dimensions.

(3) For the purpose of the SFO, each of Boyu Capital Fund IV, L.P. (as the sole shareholder of Summer Iris Limited), Boyu Capital General Partner IV, Ltd. (as the general partner of Boyu Capital Fund IV, L.P.) and Boyu Capital Group Holdings Ltd. (as the sole shareholder of Boyu Capital General Partner IV, Ltd.) is deemed to have an interest in the 78,214,230 Shares held by Summer Iris Limited.

(4) For the purpose of the SFO, Boyu Capital Group Holdings Ltd. is deemed to have an interest in the 2,642,500 Shares held by Boyu Capital Opportunities Master Fund, as Boyu Capital Opportunities Master Fund is managed by Boyu Capital Investment Management Limited, which in turn is ultimately controlled by Boyu Capital Group Holdings Ltd.

(5) TLS Beta Pte. Ltd. is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 54,169,400 Shares held by TLS Beta Pte. Ltd.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company, other than the Directors and chief executive of the Company, as of the date of this report, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMPLOYEE STOCK OPTION PLAN

The ESOP was adopted by the Company dated May 23, 2018 and amended from time to time. The purpose of the ESOP is to recognize the contributions of the Directors and employees and to incentivize them to further promote the development of the Group by providing a means through which the Company may grant options to attract, motivate, retain and reward certain eligible employees. Subject to the terms of the ESOP, the Board may at its discretion specify any conditions which must satisfied before the option(s) under the ESOP may be exercised. Further details of the ESOP are set out in the Prospectus.

The maximum number of Shares in respect of which options may be granted under this plan shall not, subject to reorganization of capital structuring and other corporate events provisions under the plan, exceed 60,328,890 Shares in the aggregate.

The ESOP became valid and effective for a period of 10 years commencing on the adoption date after which period no further options will be granted.

Details of the options granted under the ESOP as of June 30, 2020 are as follows:

Name of category of grantee	Date of grant	Option period	Exercise price (US$ per share)	Number of shares underlying outstanding options as of June 30, 2020[1]
Directors				
Mr. Ye LIU	Between August 28, 2018 to January 22, 2020	10 years commencing on the adoption date	Between 0.001 to 0.188	30,136,710
Mr. Zhaopeng HU	Between January 22, 2019 to January 22, 2020	10 years commencing on the adoption date	Between 0.01 to 0.188	2,528,250
Other grantees in aggregate				
	Between August 28, 2018 to June 15, 2020	10 years commencing on the adoption date	Between 0.001 to 0.201	27,663,930
Total				60,328,890

Note:

(1) For the six months ended June 30, 2020, no option under the ESOP had been exercised, canceled or lapsed.

RSU SCHEME

The RSU Scheme was approved by the Shareholders on April 28, 2020. The purpose of the RSU Scheme is to recognize the contributions of the Directors and employees of the Group and to incentivize them to further promote the development of the Group.

Pursuant to the RSU Scheme, an aggregate of 24,000,000 underlying Shares were held by Coral Incentivization, representing an aggregate of 4.06% of the total issued share capital of the Company as of the date of this report.

As of June 30, 2020, the Company had granted RSUs representing 22,866,920 Shares upon vesting to 74 grantees under the RSU Scheme. Further details of the RSU Scheme are set out in the Prospectus.

Save as disclosed in the Prospectus, no Share has been granted under the RSU Scheme throughout the six months ended June 30, 2020.

EVENTS AFTER THE REPORTING PERIOD

In connection with the Company's global offering, 105,930,000 Shares with a nominal value of US$0.00001 each were issued at a price of HK$14.66 per share for a total cash consideration, after deduction of the underwriting fees, commissions and related expenses, of approximately HK$1,423.97 million. Dealings in the Shares of the Company on the Stock Exchange commenced on July 10, 2020. In connection with the full exercise of the over-allotment option, 15,889,500 additional Shares with a nominal value of US$0.00001 each were issued at a price of HK$14.66 per Share for a total cash consideration, after deduction of the underwriting fees, commissions and related expenses, of approximately HK$222.44 million.

Save as disclosed herein, there was no event which has occurred after the six months ended June 30, 2020 that would cause material impact on the Group.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The CG Code has been applicable to the Company with effect from the Listing Date and was not applicable to the Company during the six months ended June 30, 2020.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code since the Listing Date up to the date of this report. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors.

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

USE OF PROCEEDS FROM LISTING

The total net proceeds from the issue of new Shares by the Company in its Listing and the full exercise of the over-allotment option (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$1,646.41 million. The Shares were listed on the Stock Exchange on the Listing Date. As of the date of this report, the net proceeds have not been applied for any use. It was disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus that the Company intended to use the net proceeds (adjusted on a pro-rata basis according to the net proceeds) for the following purposes:

(i) Approximately 30% of the net proceeds will be used for OT-401, the Core Product;

(ii) Approximately 50% of the net proceeds will be used for the other drug candidates;

(iii) Approximately 10% of the net proceeds will be used for the acquisition of the manufacturing facility in Suzhou pursuant to the cooperation agreement with the local government; and

(iv) Approximately 10% of the net proceeds will be used for its working capital and other general corporate purposes.

On September 11, 2020, the Board resolved to change the use of net proceeds of HK$164.64 million (representing 10% of the total net proceeds), which were originally intended for the acquisition of the manufacturing facility in Suzhou pursuant to the cooperation agreement with Suzhou government, to (i) the acquisition of 100% equity interest in Suzhou Xiaxiang ahead of the original schedule as set forth in the cooperation agreement; and (ii) the payment for construction of the manufacturing facilities and equipment and pre-operating cost of Suzhou Xiaxiang. For more details, please refer to the announcement published by the Company on September 11, 2020.

The net proceeds will be utilized in accordance with the timeline of the research and development of our Core Product and other drug candidates as set forth in the Prospectus, and the acquisition and construction of Suzhou Xiaxiang as set forth in the announcement dated September 11, 2020.

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

The Shares of the Company were first listed on the Main Board of the Stock Exchange on July 10, 2020. During the period from the Listing Date to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2020. 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, 2020.

OTHER BOARD COMMITTEES

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

CHANGES TO DIRECTORS' INFORMATION

Subsequent to the date of the Prospectus and up to the date of this report, no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, 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, 2020.

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.

REVIEW OF INTERIM REPORT

The interim financial information of the Group for the six months ended June 30, 2020 have been reviewed by the Group's independent 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 Entity", issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has jointly reviewed with the management and the independent auditor of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2020) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

APPRECIATION

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

By order of the Board
Ocumension Therapeutics
Dr. Lian Yong CHEN
Chairman and executive Director

Shanghai, the PRC, August 26, 2020

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF OCUMENSION THERAPEUTICS
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Ocumension Therapeutics (the "Company") and its subsidiaries set out on pages 28 to 52 which comprise the condensed consolidated statement of financial position as of June 30, 2020 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 month 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 month period ended June 30, 2019 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
August 26, 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Expense

For the Six Months Ended June 30, 2020

	NOTES	Six months ended June 30, 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	3	**1,952**	–
Cost of sales		**(22)**	–
Gross profits		**1,930**	–
Other income		**8,072**	24
Other gains and losses	4	**(1,492,253)**	(190,019)
Selling and marketing expenses		**(16,426)**	–
Research and development expenses		**(52,109)**	(30,762)
Administrative expenses		**(150,667)**	(27,154)
Listing and other expenses		**(40,294)**	–
Finance costs		**(23)**	(28)
Loss and total comprehensive expenses for the period	6	**(1,741,770)**	(247,939)
Loss and total comprehensive expenses for the period attributable to:			
– Owners of the Company		**(1,741,770)**	(237,968)
– Non-controlling interests		**–**	(9,971)
		(1,741,770)	(247,939)
Loss per share	8		
– Basic and diluted (RMB)		**27**	7

Condensed Consolidated Statement of Financial Position

At June 30, 2020

	NOTES	At June 30, 2020 RMB'000 (Unaudited)	At December 31, 2019 RMB'000 (Audited)
Non-current assets			
Property and equipment	9	**4,762**	779
Right-of-use assets	9	**574**	1,236
Intangible asset		**57,597**	25,000
Deposits and prepayments	10	**109,841**	689
		172,774	27,704
Current assets			
Inventories		**237**	259
Trade and other receivables	10	**23,665**	13,581
Contract asset	11	**1,282**	–
Other financial assets		**292,421**	497,653
Time deposit		**–**	558,096
Bank balances and cash		**755,277**	192,404
		1,072,882	1,261,993
Current liabilities			
Trade and other payables	12	**55,988**	38,176
Lease liabilities		**591**	1,259
		56,579	39,435
Net current assets		**1,016,303**	1,222,558
Total assets less current liabilities		**1,189,077**	1,250,262
Non-current liabilities			
Financial liabilities at fair value through profit or loss ("FVTPL")	13	**4,830,431**	3,318,750
		4,830,431	3,318,750
Net liabilities		**(3,641,354)**	(2,068,488)
Capital and reserves			
Share capital	14	**6**	4
Reserves		**(3,641,360)**	(2,068,492)
Total deficits		**(3,641,354)**	(2,068,488)

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended June 30, 2020

	Attributable to owners of the Company								
	Share capital *RMB'000* (note 14)	Share premium *RMB'000*	Other reserves *RMB'000* (Note)	Treasury share held in the trusts *RMB'000*	Share-based payment reserve *RMB'000*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At January 1, 2019 (Audited)	2	1,149	(617,193)	–	2,554	(207,608)	(821,096)	43,792	(777,304)
Loss and total comprehensive expenses for the period	–	–	–	–	–	(237,968)	(237,968)	(9,971)	(247,939)
Vesting of restricted ordinary shares	–	461	–	–	(461)	–	–	–	–
Recognition of equity-settled share-based payment (note 15)	–	–	(3,202)	–	10,646	–	7,444	3,202	10,646
At June 30, 2019 (Unaudited)	2	1,610	(620,395)	–	12,739	(445,576)	(1,051,620)	37,023	(1,014,597)
At January 1, 2020 (Audited)	**4**	**2,091**	**(586,571)**	**–**	**35,907**	**(1,519,919)**	**(2,068,488)**	**–**	**(2,068,488)**
Loss and total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**–**	**(1,741,770)**	**(1,741,770)**	**–**	**(1,741,770)**
Issuance of treasury shares hold in the trust (note 14)	**2**	**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**–**
Vesting of restricted ordinary shares	**–**	**461**	**–**	**–**	**(461)**	**–**	**–**	**–**	**–**
Recognition of equity-settled share-based payment (note 15)	**–**	**–**	**–**	**–**	**168,904**	**–**	**168,904**	**–**	**168,904**
At June 30, 2020 (Unaudited)	**6**	**2,552**	**(586,571)**	**(2)**	**204,350**	**(3,261,689)**	**(3,641,354)**	**–**	**(3,641,354)**

Note: Other reserve included 1) effect of put option granted to non-controlling shareholders to convert their equity interests in a subsidiary to Ocumension Therapeutics (the "Company") preferred shares; 2) differences between the carrying amounts of net assets attributable to the additional non-controlling interests at the date of issuance of subsidiary's equity and the relevant proceeds received; 3) with deemed capital contribution upon granting of restricted shares or options to employees of subsidiary attributable to non-controlling interests; 4) effect of exercise of put option granted to non-controlling shareholders; and 5) effect of deemed distribution to offshore investors arose from the difference between the fair value of the Series A Preferred Shares at the date of issuance and the consideration received by the Company.

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended June 30, 2020

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before tax	**(1,741,770)**	(247,939)
Adjustment for:		
Finance costs	**23**	28
Interest income	**(8,053)**	(24)
Depreciation of property and equipment	**525**	66
Depreciation of right-of-use assets	**662**	346
Amortization of intangible assets	**697**	–
Share-based payment expenses	**168,904**	23,173
Gain on fair value changes of other financial assets at FVTPL	**(2,027)**	(1,131)
Loss on fair value changes of financial liabilities at FVTPL	**1,511,681**	187,784
Net unrealized foreign exchange (gain) loss	**(17,032)**	3,366
Operating cash flows before movements in working capital	**(86,390)**	(34,331)
Decrease in inventories	**22**	–
Increase in trade and other receivables	**(12,187)**	(6,652)
Increase in contract assets	**(1,282)**	–
Increase in trade and other payable	**37,615**	3,493
NET CASH USED IN OPERATING ACTIVITIES	**(62,222)**	(37,490)
INVESTING ACTIVITIES		
Redemption of other financial assets	**622,916**	70,972
Withdrawal of time deposit with original maturity over three months	**563,872**	–
Payment of acquisition of intangible assets and other development costs	**(158,181)**	–
Interest received from banks	**4,404**	24
Deposits for rental	**624**	–
Payment for leasehold improvement and equipment	**(5,557)**	(76)
Placement of other financial assets	**(408,896)**	(1,284,686)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**619,182**	(1,213,766)

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Proceeds from issuance of Series A Preferred Shares	**–**	1,975
Proceeds from issuance of Series B Preferred Shares	**–**	1,240,652
Issue costs paid	**(3,681)**	–
Payments of lease liabilities	**(668)**	(335)
Interest paid	**(23)**	(28)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(4,372)**	1,242,264
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**552,588**	(8,992)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**192,404**	25,629
Effects of foreign exchange rate changes	**10,285**	(3,367)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, representing by bank balances and cash	**755,277**	13,270

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.

Other than the application of accounting policy for revenue recognition of sales of pharmaceutical products and promotion services as stated below and additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), 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 31 December 2019 underlying the preparation of historical financial information included in the accountants' report presented in the prospectus dated June 29, 2020 (the "Accountants' Report").

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Contract assets

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendment to References to the Conceptual Framework in IFRSs and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending December 31, 2020.

3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue:

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
At a point in time		
Sales of ophthalmic pharmaceutical products	**434**	–
Pharmaceutical products promotion services	**1,518**	–
Total revenue	**1,952**	–

For sales of ophthalmic pharmaceutical products to customers, revenue is recognised at a point in time when control of the pharmaceutical products is passed to customers, i.e. when the products are delivered and titles have passed to customers upon receipt by customers. For promotion services, revenue is recognised at a point in time when the Group satisfies its obligation to arrange for sales and delivery of pharmaceutical products.

Segment information

The Group's chief operating decision maker ("CODM"), being the executive directors of the Company, regularly reviews revenue by products; however, no other discrete information was provided. In addition, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance. Hence, no further segment information other than entity wide information was presented.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

All revenue from external customers is attributed to and all non-current assets of the Group are located in the PRC.

3. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Six months ended June 30, 2020 *RMB'000*
Customer A (note i)	**1,518**
Customer B (note ii)	**434**

Notes:

(i) Revenue on pharmaceutical products promotion services

(ii) Revenue on sales of ophthalmic pharmaceutical products

4. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2020 ***RMB'000*** **(Unaudited)**	2019 *RMB'000* (Unaudited)
Net foreign exchange gains/(losses)	**17,401**	(3,366)
Gain from changes in fair value of other financial assets		
– Realised	**1,479**	291
– Unrealised	**548**	840
Fair value loss of financial liabilities at FVTPL (note 13)	**(1,511,681)**	(187,784)
	(1,492,253)	(190,019)

5. INCOME TAX EXPENSE

No income tax expense has been incurred by the Group during the six months ended June 30, 2020 and 2019 as there was no assessable profits derived from or earned for any of the periods presented.

6. LOSS FOR THE PERIOD

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Directors' emoluments	**107,749**	4,906
Other staff costs excluding directors' emoluments	**85,466**	13,157
Total staff costs	**193,215**	18,063
Depreciation of property and equipment	**525**	66
Depreciation of right-of-use assets	**662**	346
Amortisation of intangible asset	**697**	–
Auditors' remuneration	**880**	–
Listing expenses	**39,687**	–
Lease payments in respect of short-term and low values assets	**476**	52

7. 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.

8. 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,	
	2020 (Unaudited)	2019 (Unaudited)
Loss		
Loss for the period attributable to the owners of the Company for the purposes of basic and diluted earnings per share (RMB'000)	**1,741,770**	237,968
Number of shares		
Weighted average number of ordinary shares of the purpose of basic and diluted earnings per share calculation	**63,651,910**	32,058,345

The computation of basic and diluted loss per share for the reporting period excluded the unvested restricted ordinary shares of the Company (note 15) and the shares held by Coral Incentivization Limited ("Coral Incentivization") for unexercised awarded restricted shares units (note 14).

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the period ended June 30, 2020 and 2019 are calculated based on the assumption that the sub-division of shares as disclosed in note 14 which has been adjusted retrospectively.

The computation of diluted loss per share for six months ended June 30, 2020 did not assume conversion of the preferred shares, the exercise of share options and restricted share units and the vesting of restricted ordinary shares since their assumed conversion or exercise would result in a decrease in loss per share.

The computation of diluted loss per share for six months ended June 30, 2019 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.

9. MOVEMENT IN PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group paid RMB5,557,000 (six months ended June 30, 2019: RMB76,000) on acquisition of mainly on equipment and leasehold improvement of office. There was no disposal or written off of property and equipment.

During the current interim period, the Group entered into various short-term or low value leases for leasing properties, equipment and motor vehicles for its operations. No additional right-of-assets and lease liabilities were recognised for the six months ended June 30, 2020 as it is exempted for recognition.

10. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	At June 30, 2020 *RMB'000* (Unaudited)	At December 31, 2019 *RMB'000* (Audited)
Trade receivable	**523**	96
Prepayments for research and development services (note)	**115,615**	7,365
Utility and rental deposits	**1,638**	1,098
Deposit for acquisition of property and equipment	**1,142**	–
Deferred issue costs	**7,758**	–
Interest receivable	**1,750**	3,877
Value added tax recoverable	**3,143**	1,739
Withholding tax receivables from employees	**1,803**	–
Others	**134**	95
	133,506	14,270
Analysis as:		
Current	**23,665**	13,581
Non-current	**109,841**	689
	133,506	14,270

Note: The Company made prepayments for its research and development services carried out by collaborators or other contracted research organizations. Certain of the payments will be recognized as intangible assets in the future periods as the relevant pipelines have met the capitalization criteria in accordance with International Accounting Standard 38 *Intangible Assets* as at the reporting period end and classified as non-current asset.

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

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, 2020 *RMB'000* (Unaudited)	At December 31, 2019 *RMB'000* (Audited)
0 – 60 days	**328**	96
61 – 90 days	**49**	–
>90 days	**146**	–
	523	96

11. CONTRACT ASSETS

	At June 30, 2020 *RMB'000* (Unaudited)	At December 31, 2019 *RMB'000* (Audited)
Pharmaceutical products promotion services	**1,282**	–

The contract assets primarily relate to the performance of promotion services by the Group in which revenue is recognised upon completion of performance obligations as disclosed in note 3. The contract assets are transferred to trade receivables when the Group has the right to bill upon the Group's customer has received settlements for its sales.

12. TRADE AND OTHER PAYABLES

	At June 30, 2020 *RMB'000* (Unaudited)	At December 31, 2019 *RMB'000* (Audited)
Trade payables	**1,496**	3,940
Payables for		
– intangible asset, factory design cost and research and development expenses	**17,788**	29,138
– legal and professional fee	**1,161**	309
– others	**3,161**	495
Issue costs and listing expenses payables	**27,388**	–
Other tax payables	**391**	200
Payroll payables	**4,603**	4,094
	55,988	38,176

12. TRADE AND OTHER PAYABLES (Continued)

The average credit period on purchases of goods/services of the Group is 30 to 60 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, 2020 ***RMB'000*** **(Unaudited)**	At December 31, 2019 *RMB'000* (Audited)
0 – 60 days	**857**	3,905
61 – 90 days	**638**	35
>90 days	**1**	–
	1,496	3,940

13. FINANCIAL LIABILITIES AT FVTPL

Preferred Shares and Share Purchase Option

In May 2018 and February 2019, the Company entered into share purchase agreements with several independent third party investors and a director of the Company and issued Series A Preferred Share to the investors and certain director. Furthermore, the Company issued Series B Preferred Shares to several independent third party investors in June 2019.

On July 12, 2018, Ocumension Therapeutics (Shanghai) Co. Ltd., a PRC subsidiary of the Group, issued 44.94% equity interests to the onshore investors for the total consideration of US$10,000,000 (equivalent to RMB68,285,000) and upon the equity investment was made, the Company granted the onshore investors with the option in which, the onshore investors were entitled to options of subscribing 3,050,000 ordinary shares and 10,000,000 Series A Preferred Shares (prior to the Sub-division as defined in note 14) to be issued by the Company ("Share Purchase Options"). The onshore investors exercised the Share Purchase Options in September 2019 and no outstanding Share Purchase Options thereafter.

Details of the key terms and fair value movement of Preferred Shares, were set out in note 22 of the Accountants' Report.

All issued Series A and Series B Preferred Shares were automatically converted into 378,915,070 ordinary shares upon the successful initial public offering (the "IPO") of shares of the Company on July 10, 2020, taking into account the Sub-division as defined in note 14.

13. FINANCIAL LIABILITIES AT FVTPL (continued)

Preferred Shares and Share Purchase Option (continued)

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 gross obligation from Share Purchase Option written are charged to profit or loss and included in "other gains and losses".

As at June 30, 2019 and June 30, 2020, the Preferred Shares and gross obligation from Share Purchase Option written were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, ValueLink Management Consultants Limited, which has appropriate qualifications and experiences in valuation of similar instruments.

As at June 30, 2020, the Group used the indicative pre-money IPO valuation method (June 30, 2019: discounted cash flow and back-solve 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 and/or gross obligation from Share Purchase Option written, as appropriate.

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

	At June 30, 2020	At June 30, 2019
Time to IPO	**10/07/2020**	18/6/2022
Time to liquidation	**31/05/2023**	31/05/2023
Risk-free interest	**0.23%**	1.81%
Volatility-IPO scenario	**66%**	64%
Volatility-liquidation scenario	**76%**	65%
Dividend yield	**–**	–
Possibilities under liquidation scenario	**10%**	70%
Possibilities under IPO scenario	**90%**	30%

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.

13. FINANCIAL LIABILITIES AT FVTPL (continued)

Preferred Shares and Share Purchase Option (continued)

	Preferred shares *RMB'000*	Gross obligation from Share Purchase Option written *RMB'000*	Total *RMB'000*
At January 1, 2019 (Audited)	433,674	433,674	867,348
Fair value at issuance date	1,255,154	–	1,255,154
Changes in fair value (note)	94,520	93,264	187,784
At June 30, 2019 and July 1, 2019 (Unaudited)	1,783,348	526,938	2,310,286
Changes in fair value (note)	734,303	274,161	1,008,464
Exercise of Share Purchase Option	801,099	(801,099)	–
At December 31, 2019 and January 1, 2020 (Audited)	3,318,750	–	3,318,750
Changes in fair value (note)	1,511,681	–	1,511,681
At June 30, 2020 (Unaudited)	**4,830,431**	**–**	**4,830,431**

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

14. SHARE CAPITAL

	Number of ordinary shares	Amount *US$'000*
Ordinary shares		
Ordinary shares of US$0.0001 each prior to the Sub-division and US$0.00001 each after the Sub-division (note iv)		
Authorised		
At January 1, 2019 (Audited)	480,000,000	48
Reclassification and re-designation on issuance of Series A Preferred Shares (note i)	(293,303)	–*
Reclassification and re-designation on issuance of Series B Preferred Shares (note i)	(17,598,204)	(2)
At June 30, 2019 (Unaudited), December 31, 2019 and January 1, 2020 (Audited)	462,108,493	46
Sub-division (note iv)	4,158,976,437	–
At June 30, 2020 (Unaudited)	**4,621,084,930**	**46**

	Number of shares	Amount *US$'000*	Equivalent amount of ordinary shares *RMB'000*
Issue and fully paid			
At January 1, 2019 (Audited)	3,590,555	–*	2
Issuance of ordinary shares by exercise Share Purchase Option for ordinary shares (note ii)	3,050,000	–*	2
At June 30, 2019, July 1, 2019 (Unaudited), December 31, 2019 and January 1, 2020 (Audited)	6,640,555	–*	4
Issuance of shares (note iii)	2,400,000	–*	2
Sub-division (note iv)	81,364,995	–	–
At June 30, 2020 (Unaudited)	**90,405,550**	**1**	**6**

* represents the relevant amount less than US$1,000.

14. SHARE CAPITAL (continued)

Notes:

(i) On February 21, 2019, the Company redesignated and reclassified 293,303 shares in its authorized capital into Series A Preferred Shares and on May 29, 2019, the Company redesignated and reclassified 17,598,204 shares in its authorised capital into Series B Preferred Shares.

(ii) On September 18, 2019, the onshore investors exercised their Share Purchase Option to subscribe 3,050,000 ordinary shares of the Company at US$0.001 per share at a total consideration of RMB21,000.

(iii) On April 30, 2020, our Company issued 2,400,000 ordinary shares to Coral Incentivization at par value of US$0.0001 on trust for the benefits of selected employees of the Company pursuant to the terms of the pre-IPO restricted share units ("RSU") Scheme.

(iv) Pursuant to written resolutions of the Company's shareholders passed on June 23, 2020, each ordinary shares and preferred shares in the Company's issued and unissued share capital with par value of US$0.0001 each have been subdivided into 10 shares of the corresponding class with par value of US$0.00001 each (the "Sub-division").

15. SHARE-BASED PAYMENT TRANSACTIONS

(a) Restricted share award

The following table summarised the Group's restricted ordinary shares movement during the period.

	Numbers of unvested restricted ordinary shares
Restricted ordinary shares	
At January 1, 2019 (Audited)	408,333
Vested	(54,444)
At June 30, 2019 (Unaudited)	353,889
Vested	(54,445)
At December 31, 2019 and January 1, 2020 (Audited)	299,444
Vested	(54,444)
Sub-division	2,205,000
At June 30, 2020 (Unaudited)	**2,450,000**

The total expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive expenses for the restricted ordinary shares granted are approximately RMB443,000 (June 30, 2019: RMB909,000) for the six months ended June 30, 2020. The weighted average granted date fair value of the restricted ordinary shares are RMB8.47.

15. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Pre-IPO share option scheme of the Company

The Company's pre-IPO share option scheme (the "Option Scheme") was adopted pursuant to a resolution passed on May 23, 2018 for the primary purpose of providing incentives to directors of the Company and eligible employees who render services to the Group. For detail of the option scheme, please refer to note 26 of the Accountants' Report.

On January 22, 2020, a resolution was passed by the board of directors of the Company to increase the capacity of the Option Scheme to at a maximum of 6,032,889 shares (prior to the Sub-division). For the option granted to one director and certain employees of the Group in 2020 under the Option Scheme and options generally vest over 60-months with a cliff vesting of 20% on the first trading date after the expiry of one year after the commencement date of the director and staff employment and a vesting of 5 percent (5%) of each quarter for the following sixteen quarters. The exercisable period of the option will be expired with the later of the second anniversary of the IPO of the Group or three months after option is fully vested.

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

	Number of share options			
	Directors of the Company		Employees	
	Six months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
At the beginning of the period	**1,284,224**	871,110	**1,112,255**	290,370
Granted prior to the Sub-division	**1,729,447**	–	**1,906,963**	525,666
Reclassification (note)	**252,825**	–	**(252,825)**	–
Sub-division	**29,398,464**	–	**24,897,537**	–
At the end of the period	**32,664,960**	871,110	**27,663,930**	816,036

Note: On April 24, 2020, an employee was appointed as executive director of the Company and 252,825 options granted under Option Scheme has been reclassified.

As at June 30, 2020, total of 16,784,980 share options are exercisable.

During the interim period, the weighted average exercise price of share options granted is US$1.30 for the directors of the Company (six months ended June 30, 2019: US$0.01) and US$1.44 for the employees (six months ended June 30, 2019: US$0.07), respectively.

15. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Pre-IPO share option scheme of the Company (continued)

Fair value of the Pre-IPO share options granted

The fair value of the Pre-IPO share options granted during the current interim period was determined by using the binominal option pricing model. The range of the key inputs for the Pre-IPO share options (prior to the sub-division) granted during the current interim period were as follows:

	For the Six month ended June 30, 2020 (Unaudited)
Grant date fair value	**US$9.08~ US$9.78**
Exercise price	**US$1.88**
Expected volatility	**67.5%~76.5%**
Expected life	**2.81~3.22 years**
Risk-free rate	**0.22%~1.53%**
Expected dividend yield	**nil**

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 the option life of the share option. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of RMB111,072,000 and RMB9,737,000 for the six months ended June 30, 2020 and 2019, respectively, in relation to share options granted by the Company.

15. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(c) Restricted share unit Scheme ("RSU Scheme") of the Company

On April 28, 2020, the Company adopted a RSU Scheme, under which, at the maximum of 2,400,000 shares (prior to the Sub-division) can be issued by the Company under the RSU Scheme. Up to June 30, 2020, the Company has granted 2,286,692 RSU (prior to the Sub-division) to certain directors of the Company and employees under the RSU Scheme. For all granted RSU, 20% of the shares are to be vested on the first anniversary of the vesting commencement date, and the remaining shares are to be vested with equal quarterly instalments over the following sixteen quarters.

The following table discloses movements of the Company's RSU held by grantees for the current interim period:

	Number of RSUs held by	
	Directors of the Company	Employees
At the beginning of the period	–	–
Granted (prior to the Sub-division)	1,334,374	952,318
Sub-division	12,009,366	8,570,862
At the end of the period	13,343,740	9,523,180

As at June 30, 2020, total of 6,188,440 RSUs are vested but unexercised, and 16,682,480 RSUs are remained unvested.

Fair value of the Pre-IPO RSU granted

The fair value of the RSUs granted during the current interim period was determined by using the binominal option pricing model. Key assumptions are acquired to be determined by the directors of the Company with best estimate. These range of fair values and corresponding inputs into the model (prior to the sub-division) were as follows:

Grant date fair value	**US$9.35~ US$10.31**
Exercise price	**US$1.88~ US$2.01**
Expected volatility	**76.6%**
Expected life	**10 years**
Risk-free rate	**0.65%~0.72%**
Expected dividend yield	**nil**
Fair value at grant date	**RMB1,510,181,000**

15. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(c) RSU Scheme of the Company (continued)

Fair value of the Pre-IPO RSU granted (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 the period from the valuation date to the expected liquidation date. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the RSUs. Dividend yield is based on management estimation at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of RMB57,389,000 for the six months ended June 30, 2020 in relation to the RSUs granted by the Company.

16. 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 these financial assets and 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 categorised (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).

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
	June 30, 2020 ***RMB'000*** **(Unaudited)**	December 31, 2019 *RMB'000* (Audited)			
Other financial assets	**292,421**	497,653	Level 3	Discounted cash flow, which was estimated based on expected return, discounted at a rate that reflects the risk of underlying investments	Expected return
Financial liability at FVTPL	**4,830,431**	3,318,750	Level 3	The fair values of Preferred Shares estimated based on pre-money IPO valuation method (December 31, 2019: discounted cash flow and back-solve method) and detail valuation parameters or major assumptions used in the valuation are disclosed in note 13.	Volatility

Note: As at June 30, 2020, if the estimated return was 5% higher/lower and the other variables were held constant, the total carrying amount of these other financial assets would increase/decrease by RMB27,000/RMB27,000 (December 31, 2019: RMB30,000/RMB30,000).

As at June 30, 2020, a 1% (December 31, 2019: 5%) increase/decrease in the volatility and holding all other variables constant, would decrease/increase the fair value of the Preferred Shares by RMB5,000/RMB45,778,000 (December 31, 2019: RMB68,420,000/RMB41,054,000).

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

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 measurements of other financial assets during the period:

	Other financial assets *RMB'000*
At January 1, 2019 (Audited)	66,268
Purchase of other financial assets	1,284,686
Redemption of other financial assets	(70,972)
Net gain on other financial assets	1,131
At June 30, 2019 (Unaudited)	1,281,113
At January 1, 2020 (Audited)	**497,653**
Purchase of other financial assets	**408,896**
Redemption of other financial assets	**(622,916)**
Exchange differences	**6,761**
Net gain on other financial assets	**2,027**
At June 30, 2020 (Unaudited)	**292,421**

Detail of reconciliation of Level 3 fair value measurement for financial liabilities at FVTPL are set out in note 13 and the fair value gains or losses are included in 'other gains and losses'.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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 amortised cost in the condensed consolidated financial statements approximates the fair value based on the discounted cash flow analysis.

17. 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,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term benefits	**6,156**	5,161
Post-employment benefits	**8**	53
Share-based payments	**132,416**	7,169
	138,580	12,383

The remuneration of key management personnel is determined by the management of the Company having regard to the performance of individuals and market trends.

18. SUBSEQUENT EVENTS

Saved as disclosed in elsewhere of this report, the following significant events took place subsequent to June 30, 2020:

On July 10, 2020, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issue of 105,930,000 new shares of par value of US$0.00001 each at the offer price of HK$14.66 per share. The gross proceeds arising from the listing amounted to approximately HK$1,552,934,000 (equivalent to approximately RMB1,416,768,000). On August 2, 2020, the Company completed issuance of 15,889,550 new shares through over-allotment. The gross proceeds arising from the over-allotment exercise amounted to approximately HK$232,941,000 (equivalent to approximately RMB212,516,000).

"6 Dimensions Affiliates"	6 Dimensions Affiliates Fund, L.P., a limited partnership established under the laws of Cayman Islands on October 25, 2017 and one of our controlling shareholders
"6 Dimensions Capital"	6 Dimensions Capital, L.P., a limited partnership established under the laws of Cayman Islands on August 16, 2017 and one of our controlling shareholders
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Boyu"	Boyu Capital Group Management Ltd., the management company of Boyu Capital Fund IV, L.P., which is the sole shareholder of Summer Iris Limited, a pre-IPO investor
"CDE"	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this interim report and for geographical reference only and except where the context requires otherwise, Hong Kong, Macau Special Administrative Region and Taiwan
"chronic NIU-PS"	chronic non-infectious uveitis affecting the posterior segment of the eye
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Coral Incentivization"	Coral Incentivization Limited, a business company incorporated in the British Virgin Islands with limited liability on March 31, 2020
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this report, our Core Product refers to OT-401 (YUTIQ)
"COVID-19"	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019

"Director(s)"	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors
"EMA"	European Medicines Agency
"ESOP"	the employee stock option plan adopted by our Company on May 23, 2018, as amended from time to time, the details of which are set out in the Prospectus
"EyePoint"	EyePoint Pharmaceuticals, Inc., a Company whose shares are listed on the NASDAQ (stock code: EYPT) and a biopharmaceutical company committed to developing and commercializing innovative ophthalmic products for the treatment of eye diseases.
"FDA"	the United States Food and Drug Administration
"Group", "our Group", "the Group", "we" or "Ocumension"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huonland"	Beijing Huonland Pharmaceutical Co., Ltd. (北京匯恩蘭德製藥有限公司), a limited liability company established under the laws of the PRC on August 3, 2012 and one of our licensing partners. Hounland primarily engages in development, production and sales of ophthalmology products
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, the application for which is the first step in the drug review process by regulatory authorities to decide whether to permit clinical trials. Also known as clinical trial application, or CTA, in China
"IOP"	intraocular pressure, the fluid pressure inside the eye
"Listing" or "IPO"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	July 10, 2020, being the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"MAH"	marketing authorization holder, who is allowed to market a drug product within a certain region or country
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

"MRCT"	multi-regional clinical trial, a clinical trial that is conducted in different regions under a common trial design for simultaneous global new drug development
"NDA"	new drug application, an application through which the drug sponsor formally proposes that the relevant regulatory authority approve a new drug for sales and marketing
"Nicox"	Nicox S.A., a corporation incorporated under the laws of France on February 15, 1996, one of our licensing partners whose shares are listed on the Euronext exchange (ticker symbol: COX)
"NMPA"	National Medical Products Administration, the institution that performs the functions of CFDA instead according to the Institutional Reform Plan of the State Council of the PRC
"Ocumension", "Company", "our Company", "the Company" or "we"	Ocumension Therapeutics (歐康維視生物), a company incorporated under the laws of the Cayman Islands with limited liability on February 27, 2018
"PIP"	paediatric investigation plan, a development plan aimed at ensuring that the necessary data are obtained through studies in children, to support the authorisation of a medicine for children
"pre-IND"	the stage before IND application
"Prospectus"	the prospectus issued by the Company dated June 29, 2020
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"RSU"	the restricted share unit
"RSU Scheme"	the restricted share unit scheme adopted by the Company on April 28, 2020, the details of which are set out in the Prospectus
"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 shares in the share capital of our Company of US$0.00001 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Suzhou 6 Dimensions"	Suzhou 6 Dimensions Venture Capital Partnership L.P. (蘇州通和毓承投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 4, 2017 and one of our controlling shareholders

"Suzhou Frontline II"	Suzhou Frontline BioVentures Venture Capital Fund II L.P. (蘇州通和二期創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 8, 2016 and one of our controlling shareholders
"Suzhou Xiaxiang"	Suzhou Xiaxiang Biomedicine Co., Ltd. (蘇州夏翔生物醫藥有限公司), a limited liability company established in the PRC on October 18, 2019
"Temasek"	Temasek Holdings Pte. Ltd., a company established under the laws of Singapore on June 25, 1974 and the sole shareholder of a pre-IPO investor, TLS Beta Pte. Ltd.
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Written Guidelines"	the Guidelines for Securities Transactions by Directors adopted by the Company

OcuMension

欧 康 维 视