Keymed Biosciences Inc.
康諾亞生物醫藥科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2162)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS

	2021 ***RMB'000***	2020 *RMB'000*
Revenue	**110,269**	–
Cost of sales	**(17,200)**	–
Gross profits	**93,069**	–
Research and development expenses	**(358,156)**	(127,400)
Fair value losses on convertible redeemable preferred shares	**(3,480,294)**	(696,470)
Total comprehensive loss for the year	**(3,892,632)**	(818,848)
Adjusted total comprehensive loss for the year *(note (1))*	**(295,515)**	(122,378)

	December 31, 2021 ***RMB'000***	December 31, 2020 *RMB'000*
Cash and cash equivalents, time deposits, and financial assets at FVTPL	**3,524,579**	354,082

Note:

(1) Adjusted total comprehensive loss for the year is not defined under the IFRSs. It represents the total comprehensive loss for the year excluding the effect of certain non-cash items, such as equity-settled share-based payment expenses, and fair value losses on convertible redeemable preferred shares.

IFRSs Measures:

- Revenue amounted to RMB110.3 million for the year ended December 31, 2021, mainly represented collaboration income from CSPC and InnoCare in respect of granting relevant licenses.

- Cost of sales represented R&D costs incurred under the out-licensing arrangements for the year ended December 31, 2021.

- Research and development expenses increased by RMB230.8 million to RMB358.2 million for the year ended December 31, 2021. The increase was primarily attributable to the increase of employee compensation, ongoing pre-clinical and clinical studies for our pipelines products.

- Fair value losses on convertible redeemable preferred shares increased by RMB2,783.8 million to RMB3,480.3 million for the year ended December 31, 2021. The fair value losses on convertible redeemable preferred shares were non-cash and non-recurring in nature, which was primarily attributable to the increase of the Company's valuation upon its completion of IPO on July 8, 2021. These preferred shares were automatically converted to ordinary shares of the Company on a 1:1 basis on the same day. Thus the then fair value of convertible redeemable preferred shares had been reclassified to equity accordingly in July 2021.

Non-IFRSs Measures:

To supplement the Group's consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted loss for the year as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating our consolidated results of operations in turn as they help our management.

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items, namely the fair value loss on convertible redeemable preferred shares and share-based compensation expenses. The term adjusted loss for the year is not defined under IFRSs. The use of this non-IFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-IFRSs measure reflects our core operating results by eliminating potential impacts of items that our management do not consider to be indicative of our core operating performance, and thus, facilitate comparisons of core operating performance from period to period and company to company to the extent applicable. The table below sets forth a reconciliation of loss to adjusted loss for the years indicated:

	2021	2020
	RMB'000	*RMB'000*
Total comprehensive loss for the year	**(3,892,632)**	(818,848)
Add:		
Fair value losses on convertible redeemable preferred shares	**3,480,294**	696,470
Share-based payments	**116,823**	–
Adjusted total comprehensive loss for the year	**(295,515)**	(122,378)

Adjusted total comprehensive loss for the year ended December 31, 2021 increased by RMB173.1 million, mainly attributable to significant investment in research and development activities, partially offset by the increase in gross profits during the year.

BUSINESS HIGHLIGHTS

On July 8, 2021, the Company was successfully listed on the Stock Exchange. During the Reporting Period, we have continued proceeding with research and development of our products and made the following progress with respect to our pipeline and business operation:

Rapid development of in-house discovered products

- The progress of core pipeline products：

  - CM310 (IL-4Rα antibody)

    We completed the Phase Ib/IIa clinical studies of CM310 for moderate-to-severe AD in adults in the first half of 2021 and initiated the Phase IIb clinical study. There were 120 subjects enrolled in the Phase IIb clinical study. The results of the study were unblinded and disclosed in late November 2021. After that, we rapidly initiated a randomized, double-blinded, placebo-controlled Phase III clinical study to evaluate the efficacy and safety of CM310 in adult subjects with moderate-to-severe AD in the first quarter of 2022. The Phase III clinical study has been approved by CDE and plans to include 500 subjects. The two co-primary endpoints are the percentage of subjects achieving EASI-75 and the percentage of subjects achieving an IGA score of 0 or 1 with a deduction of ≥2 points from the baseline in the 16th week of treatment. The enrollment is expected to be completed by the second half of 2022.

    We initiated the Phase II clinical trial for patients with CRSwNP in the first half of 2021 and the enrollment was completed in September 2021. We plan to initiate the Phase III study for CRSwNP in the second half of 2022.

In March 2021, we entered into an exclusive license agreement with JMT-Bio, a wholly-owned subsidiary of CSPC, to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan). By the end of 2021, CSPC has initiated the Phase II clinical study for the treatment of moderate and severe asthma.

- CM326 (TSLP antibody)

  We initiated and completed a Phase I trial of CM326 in healthy persons in 2021 to evaluate the safety and tolerability of single subcutaneous injection of CM326 at various doses in healthy persons. The results of this trial were published in November 2021, showing that CM326 had a good safety and tolerability profile in all dose groups.

  We have initiated Phase Ib/IIa clinical trials of CM326 in adult patients with moderate-to-severe AD and will initiate Phase Ib/IIa clinical trials in patients with CRSwNP;

  In November 2021, we entered into an exclusive license agreement with JMT-Bio, a wholly-owned subsidiary of CSPC, to develop and commercialize CM326 for the treatment of moderate and severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan).

- CMG901 (Claudin 18.2 ADC)

  We proceeded with our Phase I clinical trial of CMG901 in subjects with solid tumors in 2021, which is currently in the dose escalation phase. We expect to initiate the dose-expansion stage of trial in solid tumors in China in the second quarter of 2022.

  In March 2021, we received the FDA IND clearance of CMG901 for the Phase I clinical trial in gastric and GEJ cancers in the U.S.

- CM313 (CD38 antibody)

  In 2021, we initiated a multi-center, open-label, Phase I clinical trial in China to evaluate the safety, tolerability, pharmacokinetics, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including RRMM and lymphoma. The dose-escalation trial is expected to be completed in the first half of 2022. Meanwhile, we have initiated a dose-expansion phase trial of CM313 at the end of the first quarter of 2022. In addition, in January 2022, we submitted a clinical trial application to the NMPA for the indication of CM313 in the treatment of SLE.

- Progress of other products：

  - CM338 (MASP-2 antibody)

    We initiated a Phase I clinical study of CM338 in healthy volunteers in December 2021.

  - CM355 (CD20xCD3 bispecific antibody)

    The IND application for CM355 was approved by the CDE on September 17, 2021, and the first patient was dosed on January 17, 2022.

  - CM336 (BCMAxCD3 bispecific antibody)

    The IND application for CM336 was approved by the CDE on November 21, 2021 and a Phase I clinical trial will enroll the first subject soon.

  - CM350 (GPC3xCD3 bispecific antibody)

    The IND application for CM350 was approved by the CDE on January 11, 2022 and a Phase I clinical trial will enroll the first subject soon.

  - CM369 (CCR8 antibody)

    CM369 is an anti-CC chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug co-developed by us and Innocare as a monotherapy or in combination with other therapies for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells ("**Tregs**") in the tumor microenvironment ("**TME**"). CM369 binds to CCR8 on Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. CM369 has the potential to deliver optimal tumor targeted Treg depletion and be more specific in anti-tumor activity than other immunotherapies. We plan to file the IND application to the CDE in the second quarter of 2022.

Rapid expansion of workforce and production facilities

- By the end of 2021, the Company had more than 320 employees, including over 120 employees engaging in clinical development and operations. We will continue to recruit talent to meet the growing needs of research and development, clinical, production, operational and future commercialization. In addition to the headquarters in Chengdu, we also have offices in Shanghai, Beijing, Wuhan, Guangzhou, etc.

- In 2021, the Company continued the construction of a new plant in Chengdu, and the first production line is expected to be put into pilot-scale operation in mid-2022. Upon completion of the first phase of construction, the new plant in Chengdu will provide an additional production capacity of 16,000 L. The designs of all facilities are in compliance with the requirements of cGMP of the NMPA and FDA.

Actively cooperation with external parties

In 2021, we entered into cooperation with CSPC in respect to the interests in China (excluding Hong Kong, Macau and Taiwan) of CM310 and CM326 in respiratory disease indications such as moderate-to-severe asthma and COPD. In September 2021, we strategically allied with CSPC to jointly identify, research, develop and commercialize one or more nervous system disease-related products.

In 2021, we entered into a strategic collaboration agreement with InnoCare to further deepen our research and development collaboration to develop first-in-class large-molecule innovative drugs for the benefits of patients.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

Based on a solid foundation in biomedical research, we have built in-house drug discovery and development technologies. These comprise an innovative antibody discovery platform and a proprietary novel T cell engager (nTCE) bispecific antibody platform. As of December 31, 2021, we have ten clinical stage and IND-enabling drug candidates in our internally-developed pipeline.

To accelerate the efficiency of our research and discovery, we have established a fully-integrated platform encompassing all of the key functions in the biologic drug development. These include target validation, lead molecule discovery and optimization, preclinical evaluation, process development, translational research, clinical development and manufacturing. This integrated platform has enabled us to rapidly and cost-effectively identify, build, expand and advance our diversified pipeline of innovative and differentiated antibody-based therapies, including monoclonal antibodies, antibody drug conjugates (ADCs) and bispecific antibodies.

Product Pipeline

We have established a pipeline of nine clinical stage drug candidates. Our proprietary product pipeline reflects our market insight and employs the most recent scientific findings. To complement our in-house research and development efforts, we also collaborate with third parties on the development and commercialization of our drug candidates through joint venture or out-licensing arrangements.

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage drug candidates and selected IND-enabling stage candidates as of December 31, 2021:

Abbreviations: AD = atopic dermatitis; ADC = antibody drug conjugate; CRS =chronic rhinosinusitis; CRSwNP = chronic rhinosinusitis with nasal polyposis; COPD = chronic obstructive pulmonary disease; GEJ = gastroesophageal junction; mAb = monoclonal antibody; MM = multiple myeloma; Ph =Phase; RRMM = relapsed or refractory multiple myeloma

BUSINESS REVIEW

- **CM310 (IL-4Rα antibody)**

  CM310, our Core Product, is a humanized and highly potent antagonist antibody against interleukin-4 receptor α-subunit (IL-4Rα). It is the first domestically-developed IL-4Rα antibody that received IND approval from the NMPA. By targeting IL-4Rα, CM310 can lead to dual-blockade of interleukin-4 (IL-4) and interleukin-13 (IL-13) signaling. IL-4 and IL-13 are two critical cytokines for initiating type II inflammation. CM310 can potentially be effective for treating various type II immunological diseases in adults, adolescents and children, such as moderate-to-severe atopic dermatitis (AD), moderate-to-severe asthma, chronic rhinosinusitis with nasal polyposis (CRSwNP) and potentially chronic obstructive pulmonary disease (COPD). It demonstrated favorable safety and encouraging efficacy in Phase Ia, Phase Ib/IIa and Phase IIb clinical trials.

  We completed the Phase IIb clinical trial for moderate-to-severe AD in adults in November 2021. The study showed positive results with each dose group's primary key endpoints fully meeting the standards. In the 16th week of treatment, the percentage of subjects achieving EASI-75 in the high-dose group and the low-dose group was 73.1% and 70.6%, respectively, both of which were significantly better than 18.2% in the placebo group (P value <0.0001 on average). In terms of IGA indicators, the percentage of subjects achieving an IGA score of 0 or 1 (IGA 0/1, that is, complete or basic removal of skin lesions) in the 16th week of treatment in the high-dose group, low-dose group and placebo group was 34.6%, 32.4%, and 9.1%, respectively. Both dose groups were significantly better than the placebo group, with P value of 0.023 and 0.033, respectively; the percent-age of subjects with a reduction of ≥2 in IGA score from baseline in the 16th week of treatment in the high-dose group, low-dose group, and placebo group was 53.8%, 61.8%, and 9.1%, respectively, and both dose groups were significantly better than placebo group (P value <0.0001 on average). For the two dose groups, significantly better effects were observed in the two dose groups at the 16th week as compared with the placebo group in other efficacy-related indicators such as EASI-90, EASI-50, Peak Pruritus Numerical Rating Scale (NRS), Body Surface Area (BSA) Involved by AD, and Dermatology Life Quality Index (DLQI). At the same time, this study also observed that CM310 has a favorable safety profile.

  Based on the above data, we initiated a Phase III clinical study for moderate-to-severe AD in adults in the first quarter of 2022. The Phase III clinical study has been approved by CDE and plans to include 500 subjects. The co-primary endpoints are the percentage of subjects achieving EASI-75 and the percentage of subjects achieving an IGA score of 0 or 1 with a deduction of ≥2 points from the baseline in the 16th week of treatment. The enrollment of subjects is expected to be completed by the second half of 2022 and the BLA is expected to be submitted to the NMPA in 2023.

  In addition, we initiated the Phase II clinical trial for patients with CRSwNP in the first half of 2021 and the enrollment was completed in September 2021. We plan to initiate the Phase III study for patients with CRSwNP in the second half of 2022.

In March 2021, we entered into an exclusive license agreement with JMT-Bio, a wholly-owned subsidiary of CSPC, to develop and commercialize CM310 for the treatment of moderate and severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan). By the end of 2021, CSPC has initiated the Phase II clinical study for the treatment of moderate and severe asthma.

- **CM326 (TSLP antibody)**

  CM326 is a humanized and highly potent monoclonal antibody targeting thymic stromal lymphopoietin (TSLP). It is the first domestically-developed TSLP-targeting antibody in China, to have received IND approval. TSLP plays a critical role as an upstream cytokine mediating multiple inflammatory pathways, which provides a strong scientific rationale for the development of TSLP antibody to treat COPD and various allergic diseases, including moderate-to-severe asthma and CRSwNP. CM326 may also have synergistic effects with CM310.

  We completed a Phase Ia trial of CM326 in healthy volunteers in November 2021. The study results showed that CM326 injection group was comparable to the placebo group in overall safety and tolerability profile. During the administration of CM326, the incidence of adverse events reported in the CM326 injection group was comparable to that in the placebo group, with the vast majority being grade one, transient and self-healing without medical intervention.

  We received IND approval for clinical trials for moderate-to-severe asthma from the NMPA in March 2021. In November 2021, we received IND approval for moderate-to-severe AD and CRSwNP from the NMPA. In early 2022, we are conducting a multiple dose-escalation Phase I study in healthy volunteers and a multiple dose-escalation Phase Ib/IIa clinical trial in subjects with moderate-to-severe AD is currently ongoing. We will conduct the Phase Ib/IIa clinical study of CM326 for CRSwNP soon.

  In November 2021, we entered into an exclusive license agreement with JMT-Bio, a wholly-owned subsidiary of CSPC, to develop and commercialize CM326 for the treatment of moderate and severe asthma, COPD and other respiratory diseases in China (excluding Hong Kong, Macau, or Taiwan).

- **CMG901 (Claudin 18.2 ADC)**

  CMG901 is a Claudin 18.2-targeting ADC comprising of a Claudin 18.2-specific antibody, a cleavable linker and a toxic payload, monomethyl auristatin E (MMAE). It is the first Claudin 18.2 ADC to have received IND clearance both in China and the U.S. Claudin 18.2 is selectively and widely expressed in gastric cancer, pancreatic cancer and other solid tumors, which makes it an ideal tumor target for therapeutic development.

  We are currently evaluating CMG901 in the dose-escalation Phase I trial in solid tumors in collaboration with Lepu Biopharma. We expect to initiate the dose-expansion stage of the trial in solid tumors at the beginning of the second quarter of 2022 in China. In March 2021, we received the FDA IND clearance of CMG901 for the Phase I clinical trial in gastric and gastroesophageal junction cancers in the U.S.

- **CM313 (CD38 antibody)**

  CM313 is a humanized monoclonal antibody that targets CD38. CM313 is the first domestically-developed CD38 antibody with IND approval by the NMPA in China. Given the encouraging efficacy in pre-clinical studies, we believe CM313 has the potential to become an innovative treatment option for relapsed or refractory multiple myeloma (RRMM), lymphoma and other hematological malignancies.

  In 2021, we continued proceeding with a multi-center, open-label, Phase I clinical trial in China to evaluate the safety, tolerability, pharmacokinetics, immunogenicity, and preliminary efficacy of CM313 monotherapy in hematological malignancies including RRMM and lymphoma. The first subject in dose-escalation part has been enrolled in the first half of 2021. The dose-escalation part is expected to be completed in the first half of 2022, and we initiated a dose-expansion phase trial of CM313 in China at the end of the first quarter of 2022.

  In addition, in January 2022, we submitted a clinical trial application to the NMPA for the indication of CM313 in the treatment of systemic lupus erythematosus (SLE).

- **MIL95/CM312 (CD47 antibody)**

  MIL95/CM312 is a humanized monoclonal antibody targeting CD47. In recent years, CD47 has emerged as one of the most promising immunotherapy targets. MIL95/CM312 is designed to interfere with recognition of CD47 by the signal-regulatory protein α (SIRPα) receptor on macrophages, thereby blocking the "don't eat me" signal used by cancer cells to avoid the ingestion by macrophages. Blockade of this pathway by a CD47 antibody represents one of the most effective tumor killing mechanisms. Leveraging our powerful antibody discovery platforms, we discovered MIL95/CM312 with well-characterized antibody structure, high binding affinity, strong blocking activity on CD47 and SIRPα interaction, and potent antitumor activity. Moreover, MIL95/CM312 did not induce erythrocyte agglutination, suggesting favorable safety profile.

We are currently developing MIL95/CM312 with Mabworks. A Phase I clinical trial of MIL95/CM312 in China is currently ongoing.

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

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

  In November 2021, we received the IND approval for CM338 from the NMPA. In December 2021, we started Phase I clinical study of CM338 in healthy people. The clinical study in patients with immunoglobulin A nephropathy (IgAN) will be initiated in the second half of 2022.

- **CM355 (CD20xCD3 bispecific antibody)**

  CM355 is a CD20xCD3 bispecific antibody for the treatment of relapsed or refractory non-Hodgkin's lymphoma (NHL). CM355 is designed to target CD20 on the surface of B cells and CD3 on the surface of T cells. The dual targeting of CD20 and CD3 activates and redirects T cells to eliminate target B cells.

  We collaborate with InnoCare for the development of CM355. On September 17, 2021, our IND application for the treatment of relapsed or refractory NHL was approved by the NMPA and the first patient was dosed on January 17, 2022.

- **CM336 (BCMAxCD3 bispecific antibody)**

  CM336 is a BCMAxCD3 bispecific antibody for treatment of multiple myeloma. BCMA is an attractive target for multiple myeloma immunotherapy due to its high expression on malignant plasma cells in multiple myeloma patients and normal expression restricted to plasma cells in healthy individuals. CM336 is designed to target BCMA on BCMA-positive tumor cells and the CD3 receptor on the surface of T cells, bridging them together and activating T cells to kill the cancer cells.

  We internally discovered and developed CM336, and maintain the global rights to develop and commercialize this drug candidate. In November 2021, we received the IND approval for conducting the treatment of the RRMM from the NMPA. The enrollment of the first subject of Phase I clinical study will be initiated in the second quarter of 2022.

- **CM350 (GPC3xCD3 bispecific antibody)**

  CM350 is a GPC3xCD3 bispecific antibody for the treatment of solid tumors, especially for hepatocellular carcinoma (HCC). CM350 is designed to target GPC3 on GPC3-positive tumor cells and the CD3 receptor on the surface of T cells, bridging them together and activating T cells to kill the cancer cells. The dual targeting of GPC3 and CD3 activates and redirects T cells to engage and eliminate target tumor cells.

  We internally discovered and developed CM350, and maintain the global rights to develop and commercialize this drug candidate. We filed an IND application to the NMPA in November 2021 and received the IND approval in January 2022. The enrollment of the first subject of Phase I clinical study will be initiated in the second quarter of 2022.

- **CM369 (CCR8 antibody)**

  CM369 is an anti-CC chemokine receptor 8 ("**CCR8**") monoclonal antibody, a potential first-in-class drug co-developed by us and Innocare as a monotherapy or in combination with other therapies for the treatment of various cancers. CCR8 has been shown to be selectively overexpressed on immunosuppressive regulatory T cells ("**Tregs**") in the tumor microenvironment ("**TME**"). CM369 binds to CCR8 on Tregs and eradicates immunosuppressive Tregs through ADCC to augment the anti-tumor immunity in TME while preserving peripheral homeostasis. CM369 has the potential to deliver optimal tumor targeted Treg depletion and be more specific in anti-tumor activity than other immunotherapies. We plan to file the IND application to the CDE in the second quarter of 2022.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: The Company may not be able to ultimately develop and market CM310, CM326, CMG901, CM313, MIL95/CM312, CM338, CM355, CM336, CM350, and CM369 successfully. As at the date of this announcement, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Our R&D and Manufacturing

Leveraging the expertise of our clinical development team, we are able to efficiently design and execute our clinical trials and demonstrate the advantages of our innovative drugs through outstanding clinical results. Our clinical development team achieves this goal through well-designed trial protocols and excellent trial execution. The team coordinates clinical development strategies and trial protocols for our drug candidates, and manages the trial implementation with the assistance of reputable CROs in a cost-effective manner. Our medical and translational research staff identify and validate biomarkers, direct patient selection, and analyze clinical data to guide clinical studies and preclinical evaluations. As our clinical-stage drug candidates are each among the first three domestically-developed for its target or in its class to have obtained IND approval in China and/or the U.S., we have attracted first-tier hospitals and leading principal investigators (PIs) to join our clinical trials. We believe the long-term relationships with these medical collaborators will bring us tremendous benefits.

To ensure production and supply of high-quality and affordable antibody drugs, we have always been committed to enhancing our in-house manufacturing capabilities. We have internally developed high-expressing cell lines to ensure high yield and low costs for our antibody manufacturing. Our first cGMP-compliant manufacturing facility with a total capacity of 1,600 L was built in Chengdu in 2019, which internally manufactured antibody continuously and successfully for preclinical and clinical studies. We have continued the construction of a new plant in Chengdu since 2021 and the first production line is expected to be put into pilot-scale operation in mid-2022. Upon completion of the first phase of construction, the new plant in Chengdu will provide an additional production capacity of 16,000 L. The designs of all facilities are in compliance with the requirements of cGMP of the NMPA and FDA.

R&D Platforms

We have built fully-integrated platforms to enable our in-depth R&D in the areas of immunology and oncology. Our platforms are integrated seamlessly to support key drug development functionalities, including antibody screening, functional evaluation, in vivo preclinical studies and biomarker identification. We have the expertise and capability to independently complete the entire drug development process from drug discovery to pre-clinical research to clinical development and to NDA/BLA application. Our core platforms are as follows:

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

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

  Leveraging the nTCE platform, we are developing multiple T-cell engaging bispecific antibodies, including CM355, CM336 and CM350 which has obtained IND approval as of the reporting date. In preclinical studies, these drug candidates have demonstrated encouraging T cell-mediated cell killing effects with low possibility of cytokine release syndrome.

- **Innovative antibody discovery platform**

  Our innovative antibody discovery platform is a versatile platform for the discovery and evaluation of antibody drugs. This platform includes the following main functionalities: antibody screening, engineering and optimization. With these functions and technologies, we are able to develop antibody-based therapies with new modalities and new mechanisms of action, which potentially increase the efficacy and specificity of the therapies. Based on this platform, we have developed multiple drug candidates with different modalities in our pipeline, including bispecific antibodies, ADCs and Fc engineered antibodies. This platform is also empowered by enhanced automatic antibody screening and discovery techniques, leading to cost-efficient discovery of drug candidates with high affinity, cross-species activity and improved developability.

- **Bio-evaluation Platform**

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

- **High-Throughput Screening Platform for High Yield Antibody-Expressing Cells**

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

Impact of the COVID-19 Outbreak

The outbreak of COVID-19 since December 2019 did not have a material and adverse impact on our business, financial condition and results of operations. Although we experienced minor delays ranging from three to four months in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, since then the situation has improved. As of December 31, 2021, we had resumed the normal patient enrollment and data entry for our clinical trials, and had not encountered any material adverse effects on our collaboration with third party service providers for our clinical development, including our cooperative CROs. Further, since the outbreak of the COVID-19 from December 2019 and as of December 31, 2021, we had no suspected or confirmed COVID-19 cases on our premises or among our employees, nor had we experienced any material production suspension, decrease in production volume of our manufacturing facility. We had not experienced any material difficulties in procuring our major raw materials, and our supply chain had not experienced any material disruption since the outbreak of COVID-19 and as of December 31, 2021.

Financial Review

	2021	2020
	RMB'000	*RMB'000*
Revenue	**110,269**	–
Cost of sales	**(17,200)**	–
Gross profits	**93,069**	–
Other income and gains	**52,667**	41,190
Research and development expenses	**(358,156)**	(127,400)
Administrative expenses	**(92,454)**	(21,548)
Listing expenses	**(37,932)**	(280)
Fair value losses on convertible redeemable preferred shares	**(3,480,294)**	(696,470)
Other expenses	**(57,680)**	(31)
Finance costs	**(11,133)**	(14,309)
Share of losses of a joint venture	**(719)**	–
Loss before tax	**(3,892,632)**	(818,848)
Income tax expense	**–**	–
Total comprehensive loss for the year	**(3,892,632)**	(818,848)
Attributable to:		
Owners of the parent	**(3,887,309)**	(818,583)
Non-controlling interests	**(5,323)**	(265)

1. Revenue and Cost of Sales

During the Reporting Period, the Group's revenue primarily consists of collaboration income from two pharmaceutical companies in respect of granting relevant licenses. Cost of sales mainly represented R&D costs incurred under the out-licensing arrangements for the year ended December 31, 2021.

2. Other Income and Gains

During the Reporting Period, the Group's other income and gains primarily consisted of government grants income, contract development and manufacturing ("**CDM**") services, and interest income. For the year ended December 31, 2021, the other income and gains of the Group increased by RMB11.5 million to RMB52.7 million for the year ended December 31, 2021. The increase was primarily attributable to the increase of government grants income and CDM service income by RMB10.4 million and RMB21.5 million, respectively, partially set off by the decrease of exchange gain by RMB21.8 million.

3. Research and development expenses

During the Reporting Period, the Group's research and development expenses primarily consisted of (i) expenses incurred in connection with pre-clinical and clinical studies, including third-party contracting costs with respect to the engagement of CROs, clinical trial sites and other service providers in connection with our research and development activities; (ii) employee compensation for our research and development employees; (iii) expenses for procuring raw materials and consumables used in the research and development of our drug candidates; and (iv) depreciation and amortization of property, plant and equipment and other intangible assets related to research and development activities. For the year ended December 31, 2021, the research and development expenses of the Group increased by RMB230.8 million to RMB358.2 million. The increase was primarily attributable to the increase of employee compensation by RMB142.4 million, increase of clinical trial and pre-clinical study expenses by RMB76.6 million. Such increase was consistent with the expansion of our research and development team and the ramp up of the scale of our research and development plans during the Reporting Period.

4. Administrative expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of (i) employee compensation for our administrative employees; (ii) depreciation and amortization expenses for operating activities; (iii) depreciation and amortization of property, plant and equipment and other intangible assets related to administrative activities: (iv) professional services fees paid to legal counsel, agents, auditor, and other professional service providers, incurred in connection with business operations; and (v) travelling expenses of our administrative employees. For the year ended December 31, 2021, the administrative expenses of the Group increased by RMB70.9 million to RMB92.5 million. The increase was primarily attributable to the increase of employee compensation and professional services fees by RMB38.3 million and RMB18.8 million, respectively.

5. Listing Expenses

Listing expenses represent expenses incurred for our IPO. We recorded listing expenses of RMB37.9 million for the Reporting Period.

6. Fair Value Losses on Convertible Redeemable Preferred Shares

During the Reporting Period, the Group recorded fair value loss on convertible redeemable preferred shares of RMB3,480.3 million. Such loss on the fair value changes of convertible redeemable preferred shares was a non-cash and non-recurring item. The fair value of the convertible redeemable preferred shares was deemed to have increased as a result of the Company's IPO.

7. Other Expenses

During the Reporting Period, the Group's other expenses primarily consisted of exchange loss. For the Reporting Period, the other expenses of the Group increased by RMB57.6 million to RMB57.7 million. The increase was primarily attributable to the increase of exchange loss.

8. Finance Costs

During the Reporting Period, the Group's finance costs primarily consisted of implicit interest on other financial liabilities and interest on lease liabilities. For the Reporting Period, the finance costs of the Group decreased by RMB3.2 million to RMB11.1 million. The decrease was primarily attributable to the decrease of the implicit interest on other financial liabilities by RMB3.2 million.

9. Share of loss of a joint venture

During the Reporting Period, our shared loss from the 50%-owned joint venture, Beijing Tiannuo Pharma Tech Co., Ltd., amounted to RMB0.7 million. The increase was primarily attributable to the expenses of clinical-studies incurred by the joint venture during the Reporting Period.

10. Income tax expense

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

11. Selected Data from Consolidated Statement of Financial Position

	As at December 31, 2021 ***RMB'000***	As at December 31, 2020 *RMB'000*
Total current assets	**3,581,949**	380,917
Total non-current assets	**352,506**	149,028
Total assets	**3,934,455**	529,945
Total current liabilities	**112,075**	80,240
Total non-current liabilities	**176,998**	1,544,508
Total liabilities	**289,073**	1,624,748
Net current assets	**3,469,874**	300,677

12. Liquidity and Capital Resources

As at December 31, 2021, our cash and bank balances, time deposits and bank wealth management products increased by RMB3,170.5 million to RMB3,524.6 million from RMB354.1 million as at December 31, 2020. The increase was primarily attributable to cash inflows from the Company's series c financing and the IPO, partially offset by the cash outflows used in our daily business operation during the Reporting Period.

As at December 31, 2021, the current assets of the Group were RMB3,581.9 million, including cash and bank balances of RMB1,520.6 million, time deposits of RMB1,950.6 million and other current assets of RMB110.7 million. As at December 31, 2021, the current liabilities of the Group were RMB112.1 million, including trade payables of RMB2.8 million, other payables and accruals of RMB95.4 million, lease liabilities of RMB11.7 million and other current liabilities of RMB2.2 million.

For the year ended December 31, 2021, our net cash used in operating activities increased by RMB95.2 million to RMB214.6 million from RMB119.4 million for the year ended December 31, 2020. The increase was primarily attributable to our business expansion as well as the progress advancement of our clinical trials. As at December 31, 2021, the Group's cash and bank balances and time deposits aggregated to RMB3,471.2 million.

For the year ended December 31, 2021, our net cash used in investing activities increased by RMB1,922.8 million to RMB2,035.9 million from RMB113.1 million for the year ended December 31, 2020. The increase was primarily attributable to the significant increase in the placement of time deposits.

For the year ended December 31, 2021, our net cash from financing activities increased by RMB3,631.0 million to RMB3,638.4 million from RMB7.4 million for the year ended December 31, 2020. The increase was primarily attributable to proceeds received by the Company from issue of series c preferred shares and proceeds received from the IPO.

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

We recorded other investments classified as financial assets at FVTPL of RMB53.4 million as of December 31, 2021. We manage and evaluate the performance of these investments on a fair value basis in accordance with our risk management and investment strategy. Therefore, these investments in wealth management products were designated as financial assets at FVTPL as of December 31, 2021.

13. Gearing Ratio

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as of December 31, 2021 was 7%, representing a decrease of 300% from the gearing ratio of 307% as at December 31, 2020.

14. Indebtedness

As at December 31, 2021, we did not have any borrowings nor any unutilized credit facilities.

As at December 31, 2021, the lease liabilities increased by RMB14.2 million to RMB38.7 million as the result of the increase of right-of-use assets.

As at December 31, 2021, the other financial liabilities increased by RMB9.7 million to RMB141.3 million as the result of the recognition of the implicit interest expenses.

15. Significant Investment, Material Acquisitions and Disposals

The Group did not have significant investment, material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2021.

16. Contingent Liabilities

As of December 31, 2021, the Company did not have any contingent liabilities. The Company confirms that as of the date of this announcement, there had been no material changes or arrangements to our contingent liabilities.

17. Capital Commitments

As of December 31, 2021, we had capital commitments contracted, but not yet provided, of RMB254.3 million, which were related to the purchase of property, plant and equipment for the Group's production plant. We intend to fund the commitments with proceeds from the Company's prior fundraising activities.

18. Pledge of Assets

As of December 31, 2021, the Group has not pledged or charged any assets.

19. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. The Group is exposed to foreign currency risk as a result of certain cash and bank balances and time deposits, and redeemable and convertible preferred shares denominated in non-functional currency. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

20. Human Resources

As of December 31, 2021, we had 325 employees in total, who were all based in China. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and opportunity to participate in share incentive schemes to our employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

Our Company has adopted a RSU Scheme on April 5, 2021 (further details of which are set forth in our Prospectus) and a 2022 RSU Scheme on January 21, 2022 (further details of which are set forth in the Company's announcement dated January 21, 2022 and January 28, 2022). During the Reporting Period, restricted share units underlying 5,119,984 Shares had been awarded under the RSU Scheme.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Adoption of the 2022 Restricted Share Unit Scheme

The Board has adopted the 2022 RSU Scheme on January 21, 2022. As at the date of this announcement, none RSU has been granted under the 2022 RSU Scheme. Please refer to the announcement dated January 21, 2022 and January 28, 2022 for further information.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the year ended December 31, 2021.

ANNUAL GENERAL MEETING

The AGM will be held on June 28, 2022. Notice of the AGM and all other relevant documents will be published and despatched to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 23 to 28 June, 2022, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 22 June, 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Chen is the chairman of the Board and the chief executive officer of the Company. With extensive experience in the pharmaceutical industry and having served in the Company since its establishment, Dr. Chen is in charge of overall strategic planning, business direction and operational management of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and our senior management, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Dr. Chen), three non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date to December 31, 2021.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2021. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date and to December 31, 2021.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Board has established the Audit Committee which comprises one non-executive Director and two independent non-executive Directors, namely Mr. Cheuk Kin Stephen LAW (Chairperson), Mr. Qi CHEN and Prof. Linqing LIU. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended December 31, 2021 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee has also discussed the matters of audit and financial reporting.

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

The Shares of the Company were listed on the Stock Exchange on July 8, 2021 and the over-allotment option was fully exercised on July 30, 2021. Save as disclosed above, from the Listing Date to December 31, 2021, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

USE OF PROCEEDS FROM GLOBAL OFFERING

In connection with the Global Offering, 67,004,000 Shares were issued at a price of HK$53.3 per share for a total cash consideration, after deduction of the underwriting fees and expenses, of approximately RMB2,841 million. Dealings in the shares of the Company on the Stock Exchange commenced on July 8, 2021. The Group will apply such proceeds in a manner consistent with the intended use of proceeds as set out in the Prospectus dated July 7, 2021.

The table below sets forth the utilisation of the net proceeds from the Global Offering and the unused amount as at December 31, 2021:

Business objective as stated in the Prospectus	**Planned applications** *RMB million*	**Actual utilisation as at December 31, 2021** *RMB million*	**Balance as at December 31, 2021** *RMB million*	**Expected timeline for unutilized amount**
R&D and commercialization of the Company's core product and key drug candidates	1,705	84	1,621	By the end of 2025
Preclinical evaluation and clinical development of the Company's other pipeline products	426	48	378	By the end of 2024
Payment of lease for the Company's new manufacturing and R&D facilities and procurement of machinery and equipment	426	162	264	By the end of 2023
General corporate and working capital purposes	284	57	227	By the end of 2024
Total	2,841	351	2,490	

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.keymedbio.com). The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Revenue	*4*	**110,269**	–
Cost of sales		**(17,200)**	–
GROSS PROFIT		**93,069**	–
Other income and gains	*5*	**52,667**	41,190
Research and development expenses		**(358,156)**	(127,400)
Administrative expenses		**(92,454)**	(21,548)
Listing expenses		**(37,932)**	(280)
Fair value losses on convertible redeemable preferred shares		**(3,480,294)**	(696,470)
Other expenses		**(57,680)**	(31)
Finance costs		**(11,133)**	(14,309)
Share of losses of a joint venture		**(719)**	–
LOSS BEFORE TAX		**(3,892,632)**	(818,848)
Income tax expense	*6*	**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,892,632)**	(818,848)
Attributable to:			
Owners of the parent		**(3,887,309)**	(818,583)
Non-controlling interests		**(5,323)**	(265)
		(3,892,632)	(818,848)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**(RMB24.17)**	(RMB12.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**139,419**	100,992
Right-of-use assets		**38,111**	23,823
Other intangible assets		**1,104**	109
Prepayments, other receivables and other assets	*9*	**153,591**	24,104
Investment in a joint venture		**20,281**	–
Total non-current assets		**352,506**	149,028
CURRENT ASSETS			
Inventories		**16,393**	6,846
Contract assets		**3,980**	–
Prepayments, other receivables and other assets	*9*	**36,997**	19,989
Financial assets at fair value through profit or loss ("FVTPL")		**53,401**	10,394
Time deposits		**1,950,559**	144,279
Cash and cash equivalents		**1,520,619**	199,409
Total current assets		**3,581,949**	380,917
CURRENT LIABILITIES			
Trade payables	*10*	**2,784**	3,418
Other payables and accruals	*11*	**95,402**	19,398
Amounts due to related parties		**553**	42,373
Deferred income		**1,612**	2,873
Contract liabilities		**–**	8,000
Lease liabilities		**11,724**	4,178
Total current liabilities		**112,075**	80,240
NET CURRENT ASSETS		**3,469,874**	300,677
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,822,380**	449,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
December 31, 2021

	2021	2020
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Deferred income	**8,719**	6,786
Lease liabilities	**26,985**	20,314
Convertible redeemable preferred shares	**–**	1,385,772
Other financial liabilities	**141,294**	131,636
Total non-current liabilities	**176,998**	1,544,508
NET ASSETS/(LIABILITIES)	**3,645,382**	(1,094,803)
EQUITY/(DEFICIENCY IN EQUITY)		
Equity attributable to owners of the parent		
Share capital	**171**	45
Reserves/(deficits)	**3,650,799**	(1,094,583)
	3,650,970	(1,094,538)
Non-controlling interests	**(5,588)**	(265)
TOTAL EQUITY/(DEFICITS)	**3,645,382**	(1,094,803)

1. CORPORATE INFORMATION

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

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from July 8, 2021.

During the year ended December 31, 2021, the Group was involved in the research and development of pharmaceutical products.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from January 1, 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements throughout the year ended December 31, 2021.

These financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of the reporting period. They are presented in Renminbi("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[1]
IFRS 17	Insurance Contracts[2]
Amendments to IFRS 17	Insurance Contracts[2, 4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2, 5]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]

[1] Effective for annual periods beginning on or after January 1, 2022
[2] Effective for annual periods beginning on or after January 1, 2023
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the amendments to IFRS 17 issued in June 2020, the effective date of IFRS 17 was deferred to annual period beginning on or after January 1, 2023, and IFRS 4 was amended to extend the temporary exemption that permit insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023
[5] In July 2021, the effective date of the amendments to IAS 1 was tentatively decided to be deferred to annual periods beginning on or after January 1, 2024

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

During the year ended December 31, 2021, the Group generated all revenue from Mainland China.

Majority of the Group's non-current assets were located in Mainland China as at December 31, 2021, geographical segment information in accordance with IFRS 8 *Operation Segments* is presented.

(a) Non-current assets

	2021	2020
	RMB'000	*RMB'000*
Hong Kong	**703**	–
Mainland China	**351,803**	149,028
	352,506	149,028

The non-current asset information of continuing operations above is based on the locations of the assets.

Information about major customers

Revenue of approximately RMB110,000,000 (2020: Nil) was derived from collaborations with two pharmaceutical companies. Further details are set out in note 4.

4. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Type of services		
Collaboration revenue	**110,269**	–
Timing of revenue recognition		
Transferred at the point in time	**110,269**	–

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in current periods:

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Collaboration revenue	**8,000**	–

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Collaboration revenue

The performance obligation is satisfied at a point in time when the customer obtains the rights to use the underlying intellectual property ("IP") under the licenses.

In April 2020, the Group entered into a license and collaboration agreement (the "InnoCare Agreement") with Beijing InnoCare Pharma Tech Co., Ltd. ("InnoCare"), a subsidiary of InnoCare Pharma Limited (HKSE: 9969), under which the Group granted to InnoCare an exclusive license for 50% ownership of CM355 at a consideration of RMB40 million, of which RMB8 million was received in 2020 and recorded as contract liability as at December 31, 2020. As the Group has fulfilled its obligation in respect of completing the pre-clinical study and obtaining IND approval for CM355 during the year ended December 31, 2021, the Group recognised the revenue of RMB40 million accordingly. In addition, pursuant to the InnoCare Agreement, the Group and InnoCare agreed to transfer all the rights to CM355 to a joint venture established by the Group and InnoCare after the receipt of the IND approval for CM355.

In March 2021, the Group entered into an exclusive license agreement (the "CSPC Agreement") with JMT-Bio Technology Co., Ltd. ("JMT-Bio"), a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited ("CSPC") (HKSE: 1093), to develop, use, sell, offer for sale and commercialise CM310 (the" Product"), an IL-4Rα antibody, for the treatment of moderate and severe asthma, COPD and other respiratory diseases (the "Field") in China (excluding Hong Kong, Macau, or Taiwan) (the "Territory"). Pursuant to the CSPC Agreement, CSPC will be responsible for the clinical development, regulatory activities and commercialisation of CM310 in the Field and the Territory at its own costs and expenses. CSPC will be the market authorisation holder of CM310 in the Field, including asthma, and in the Territory, once approved. Pursuant to the CSPC Agreement, the Group is entitled to receive upfront, milestone and royalty payments. In May 2021, CSPC paid to the Group a one-time and non-refundable upfront payment of RMB70 million. The Group recognised revenue of RMB70 million when the Group had completed granting an exclusive and royalty-bearing license under the know-how and patents related to the Product in the Field and the Territory to CSPC accordingly during the year ended December 31, 2021.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2021	2020
	RMB'000	*RMB'000*
Other income		
Government grants income	**24,154**	13,761
Contract development and manufacturing service ("CDM service") income *(note (i))*	**21,500**	–
Interest income on other investments classified as financial assets at FVTPL	**1,049**	2,160
Interest income	**5,964**	3,323
	52,667	19,244
Gains		
Fair value gains on other investments classified as financial assets at FVTPL	**–**	162
Gain on exchange differences, net	**–**	21,784
	–	21,946
	52,667	41,190

(i) CDM service income is one-off and non-recurring services rendered to a third party during the year.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the subsidiaries incorporated in the BVI are not subject to any income tax.

United States of America

Subsidiaries incorporated in Delaware, the United States of America ("USA"), are subject to the statutory federal corporate income tax at a rate of 21% during the year ended December 31, 2021.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the year ended December 31, 2021. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year ended December 31, 2021.

Mainland China

The subsidiaries incorporated in Mainland China are subject to the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on January 1, 2008.

The Group had no taxable income during the year ended December 31, 2021.

A reconciliation of the tax expense applicable to loss before tax using the statutory rate of the jurisdictions in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2021	2020
	RMB'000	*RMB'000*
Loss before tax	**(3,892,632)**	(818,848)
Tax charged at the statutory tax rate of 25%	**(973,158)**	(204,712)
Effect of different tax rates enacted by local authorities	**899,421**	170,991
Additional deductible allowance for qualified research and development costs	**(45,311)**	(24,388)
Deductible temporary difference and tax losses not recognised	**82,771**	57,998
Expenses not deductible for tax	**36,277**	111
Tax charge at the Group's effective rate	**–**	–

The Group has accumulated tax losses in Mainland China of RMB680,246,000 in aggregate as at the end of 2021 (2020: RMB371,812,000), which can be carried forward for five to ten years to offset against future taxable profits of the companies in which losses were incurred.

The Group has accumulated tax losses in the USA of RMB1,203,000 in aggregate as at the end of 2021 (2020: RMB884,000), which can be carried forward indefinitely to offset against future taxable profits of the companies in which the losses were incurred.

Deferred tax assets have not been recognised in respect of these tax losses as they have been incurred in subsidiaries that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the forthcoming five years to utilise such tax losses.

7. DIVIDENDS

No dividends have been declared and paid by the Company during the year ended December 31, 2021.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

No adjustment has been made to the basic loss per share presented for the reporting period in respect of dilution as the impact of the preferred shares before being converted to ordinary share in July 2021, and restricted share units had an anti-dilutive effect on the basic loss per share presented.

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

	2021	2020
Loss for the year		
Loss for the year attributable to ordinary equity holders of the parent *(RMB'000)*	**(3,887,309)**	(818,583)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(note)*	**160,849,076**	67,098,209
Loss per share (basic and diluted)		
RMB per share	**(24.17)**	(12.20)

Note: Upon completion of the IPO on July 8, 2021, all preferred shares were automatically converted into ordinary shares.

9. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021	2020
	RMB'000	*RMB'000*
Non-current:		
Value-added tax recoverable *(note (i))*	**19,582**	20,378
Prepayments for property, plant and equipment	**128,951**	1,332
Other receivables *(note (ii))*		
– Rental deposits	**2,193**	1,451
– Advances to employees	**2,865**	943
	153,591	24,104
Current:		
Prepayments		
– Prepaid research and development expenses	**16,270**	12,396
– Prepaid raw materials	**6,033**	4,483
– Others	**2,109**	1,422
Other receivables		
– Receivable for CDM service income *(note (iii))*	**6,570**	–
– Advances to employees *(note (ii))*	**2,357**	387
– Rental deposits *(note (ii))*	**2,938**	459
– Other receivables *(note (ii))*	**720**	842
	36,997	19,989

Note (i): Value-added tax recoverable is non-current in nature since the Group believes that no value-added tax deductible revenue will be generated within the next 12 months.

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

Note (iii): The CDM service receivable is from a customer for the providing of CDM services. The credit period is 90 days. As at December 31, 2021, the aging of such receivable is within one month. Overdue balances are reviewed regularly by senior management.

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

Other receivables had no historical default. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the year ended December 31, 2021, the Group estimated that the expected credit loss rate for other receivables was minimal.

10. TRADE PAYABLES

A majority of the trade payables aged less than one year.

11. OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB'000	*RMB'000*
Payroll payable	**29,118**	11,088
Accrued research and development expenses	**18,630**	4,222
Accrued professional fee	**2,180**	–
Other tax payables	**935**	161
Other payables:		
– Accrued listing expenses	**30,513**	350
– Payables for property, plant and equipment	**10,971**	3,202
– Others	**3,055**	375
	95,402	19,398

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

12. SHARE-BASED PAYMENTS

Restricted Share Units ("RSUs") Scheme

Pursuant to a written shareholders' resolution of the Company passed on April 5, 2021, a Restricted Share Unit Scheme ("RSU Scheme") has been approved for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operation. 17,976,153 shares of the Company were authorised and approved under the Scheme. The number of RSUs, grant date, and vesting period are determined at the discretion of the Company's board of directors. The Scheme shall be valid and effective for a period of ten years commencing on the listing date. As at December 31, 2021, a total of 5,119,984 RSUs were granted to eligible employees.

The RSUs have vesting terms of 4 years from the grant date. The RSUs shall be vested according to the vesting schedule: 25% of the total number of RSUs shall be vested on the first anniversary of the grant date and the remaining 75% of the total number of RSUs shall be vested in three substantially equal annual instalments, with the first instalment vested on the second anniversary of the grant date, and then on up to the fourth anniversary of the grant date.

The following RSUs were outstanding during the year ended December 31, 2021:

	Number of RSUs
At January 1, 2021	–
Granted during the year	5,212,167
Forfeited during the year	(92,183)
At December 31, 2021	**5,119,984**

The vesting periods and fair value of the RSUs outstanding as at December 31, 2021 are as follows:

As at December 31, 2021

	Number of RSUs outstanding	Vesting period	Fair value at grant date *RMB per share*
Batch 1	**4,446,014**	**4 years**	**14.65**
Batch 2	**673,970**	**4 years**	**28.42 – 43.03**
	5,119,984		

The fair value of RSUs as at the grant date for Batch 1 and Batch 2 were determined based on the fair value of ordinary shares on the grant date. Major inputs used for the determination of the fair value of ordinary shares are listed as follows:

	Batch 1	Batch 2
Expected volatility (%)	88.16%	N/A
Risk-free interest rate (%)	0.30%	N/A
Discount for lack of marketability ("DLOM")	27%	N/A

The fair values of RSUs for Batch 2 was the closing price of stock price at the grant date, and hence no inputs were applicable.

The Group recognised share-based payment expenses of RMB25,362,000 under the RSU Scheme for the year ended December 31, 2021 (2020: Nil).

Share Option Plan for Dr. Qian Jia

On March 18, 2021, Dr. Bo Chen, Dr. Qian Jia and Moonshot Holdings Limited entered into an agreement, pursuant to which Dr. Bo Chen granted Dr. Qian Jia an option to purchase up to 802 ordinary shares of Moonshot Holdings Limited held by Dr. Bo Chen (representing approximately 2.93% of the ordinary shares of the Company) for nil consideration, for the purpose of providing incentive to Dr. Qian Jia.

As at December 31, 2021, the option was fully exercised by Dr. Qian Jia.

Under this share option plan, the Group recognised share-based payment expenses of RMB91,461,000 for the year ended December 31, 2021 (2020: Nil), based on the estimated fair value of ordinary shares of the Company on the grant date using the back-solve method.

DEFINITIONS

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

"AGM"	the 2021 annual general meeting of the Company to be held on June 28, 2022
"Audit Committee"	the audit committee of the Board
"BLA"	biologics license application
"Board of Directors" or "Board"	the board of Directors
"CDE"	Center for Drug Evaluation of the NMPA
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"cGMP" or "Current Good Manufacturing Practice"	cGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. cGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the cGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations. This includes establishing strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories
"Company", "our Company"	Keymed Biosciences Inc. (formerly known as 2Health Biosciences, Inc.), an exempted company with limited liability incorporated in the Cayman Islands on April 23, 2018
"Core Product"	CM310, the designated "core product" as defined under Chapter 18A of the Listing Rules
"CRO(s)"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis

"CSPC"	CSPC Pharmaceutical Group Limited, a company listed on the Stock Exchange (stock code: 1093), and its affiliates
"Director(s)"	the director(s) of the Company or any one of them
"FDA"	the Food and Drug Administration of the United States
"FVTPL"	fair value through profit and loss
"Global Offering"	the global offering of the Shares, details of which are set forth in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IGA"	Investigator's Global Assessment scale, a five-point scale that provides a global clinical assessment of AD severity ranging from 0 to 4, where 0 indicates clear, 2 is mild, 3 is moderate and 4 indicates severe AD
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"InnoCare"	InnoCare Beijing InnoCare Pharma Tech Co., Ltd. (北京諾誠健華醫藥科技有限公司), a limited liability company incorporated under the laws of PRC on December 13, 2013, a subsidiary of InnoCare Pharma Limited (HKSE: 9969), and an Independent Third Party
"IPO"	the initial public offering of the Shares on the Main Board of the Stock Exchange on July 8, 2021

"JMT-Bio"	Shanghai JMT-Bio Technology Co., Ltd. (上海津曼特生物科技有限公司), a wholly-owned subsidiary of CSPC
"Lepu Biopharma"	Lepu Biopharma Co., Ltd. (樂普生物科技股份有限公司), a limited liability company incorporated under the laws of PRC on January 19, 2018, and an Independent Third Party
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	July 8, 2021, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Mabworks"	Beijing Mabworks Biotech Co., Ltd. (北京天廣實生物技術股份有限公司), a limited liability company incorporated under the laws of PRC on February 27, 2003, and an Independent Third Party
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Reporting Period"	the year ended December 31, 2021
"Prospectus"	the prospectus of the Company dated June 25, 2021
"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s), being a conditional right when an award under the 2022 RSU Scheme vests whereby the grantee shall be entitled to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"2022 RSU Scheme"	the restricted share unit scheme adopted by the Board on January 21, 2022
"%"	per cent

By order of the Board
Keymed Biosciences Inc.
Dr. Bo CHEN
Chairman

Hong Kong, March 29, 2022

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Bo CHEN, Dr. Changyu WANG and Dr. Gang XU as executive Directors; Mr. Qi CHEN, Dr. Min Chuan WANG and Mr. Yilun LIU as non-executive Directors; Prof. Xiao-Fan WANG, Prof. Yang KE, Mr. Cheuk Kin Stephen LAW and Prof. Linqing LIU as independent non-executive Directors.