SinoMab BioScience Limited
中國抗體製藥有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 3681)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022; CHANGE IN USE OF PROCEEDS; AND CHANGE OF COMPANY SECRETARY

The board (the "**Board**") of directors (the "**Director(s)**") of SinoMab BioScience Limited (中國抗體製藥有限公司) (the "**Company**" together with its subsidiaries, the "**Group**") hereby announces the audited consolidated annual results of the Group for the year ended 31 December 2022 (the "**Reporting Period**"), together with the comparative figures of the year ended 31 December 2021. The consolidated financial statements of the Group for the Reporting Period, including the accounting principles adopted by the Group, have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the Company's auditor. Unless otherwise specified, figures in this announcement are prepared under the Hong Kong Financial Reporting Standards ("**HKFRSs**").

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

BUSINESS HIGHLIGHTS

During the Reporting Period, we achieved significant progress with respect to the Group's clinical trial programs, pipeline development and preparation of commercialisation, including the following:

- Our flagship product SM03 (Suciraslimab), *(anti-CD22 monoclonal antibody)* — Enrollment of Phase III clinical trial for rheumatoid arthritis ("**RA**") completed on 31 December 2021 with 530 patients, exceeding the original target of 510 patients. The readout of the final study result for both safety and efficacy is expected in the second quarter of 2023. We plan to file our Biologics Licence Application ("**BLA**") with the National Medical Products Administration of the People's Republic of China ("**PRC**") (the "**NMPA**") in the third quarter of 2023 at the earliest for subsequent commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission.

- Our key product SN1011, *(BTK Inhibitor)* — During the Reporting Period, Investigational New Drug ("**IND**") approvals for the treatment of multiple sclerosis ("**MS**") and neuromyelitis optica spectrum disorder ("**NMOSD**") were submitted and approved by the NMPA in the first and second half of the year respectively. SN1011 currently obtained four IND approvals from the NMPA for the treatment of systemic lupus erythematosus ("**SLE**"), pemphigus, MS and NMOSD.

- Another key product SM17, *(Humanised Anti-IL-17RB)* — IND application for asthma was approved by the U.S. Food and Drug Administration ("**FDA**") in March 2022. The first healthy subject had been successfully dosed in a Phase I First-In-Human (FIH) clinical trial in the U.S. in June 2022. At the end of the Reporting Period, 59 subjects have been enrolled and none of the subjects reported a serious adverse event.

- Commercial Production Base — We are building our commercial production base which is located in our Group's PRC headquarters, our new Suzhou campus, at the Suzhou Dushu Lake High Education Town, China. Upon completion of the new Suzhou campus, the total production capacity of our production base would be over 36,000 litres (up to one million treatment courses per year).

- Subscriptions of new shares were successfully completed in November 2022 and new equity funds of approximately HK$51.05 million have thus been raised.

- Adapting to the adjustment on the Group's clinical study strategy, the Group has made some adjustment to the schedule of certain clinical projects.

FINANCIAL HIGHLIGHTS

- Loss for the year slightly decreased by RMB4.0 million from RMB288.2 million for the year ended 31 December 2021 to RMB284.2 million for the year ended 31 December 2022, which was mainly due to (i) the decrease in non-cash share-based payments of approximately RMB57.9 million including the Company's restricted share units scheme (the "**RSU Scheme**"), share award scheme and share option scheme; (ii) the decrease in business development in research and development ("**R&D**") cost of approximately RMB18.7 million mainly due to completion of Suciraslimab RA Phase III enrollment as of 31 December 2021; offset by (iii) the increase in foreign exchange loss, net of approximately RMB71.8 million. During the Reporting Period, most of the Company's cash and cash equivalents were denominated in RMB. The majority of the exchange loss, which was caused by the difference of the functional currency of Hong Kong headquarters in HKD and the presentation currency of the Group in RMB, did not represent the Company's actual loss; and (iv) other miscellaneous impacts.

- Net cash used in operating activities for the Reporting Period was approximately RMB300.5 million which was mainly due to (i) the net cash used in operations of approximately RMB277.3 million; (ii) the increase in prepayments, deposits and other receivables of approximately RMB12.4 million; and (iii) the decrease in other payables and accruals of approximately RMB10.8 million.

- Net cash used in investing activities for the Reporting Period was approximately RMB81.4 million, which was mainly due to (i) the capital expenditures of approximately RMB112.7 million, mainly for our commercial production base in Suzhou to enhance the Group's production capacity; and offset by (ii) the proceeds from the partial disposal of investment in D2M Biotherapeutics Limited ("**D2M**"), of approximately RMB33.4 million.

- Net cash from financing activities for the Reporting Period was approximately RMB102.3 million which was mainly due to (i) the net proceeds from issue of shares of approximately RMB46.1 million; and (ii) net increase in the bank borrowings of approximately RMB66.8 million.

- The Board does not recommend payment of a final dividend for the Reporting Period.

BUSINESS OVERVIEW

Despite the challenges we were still facing under the COVID-19 pandemic, we made significant progress across all aspects of our business in 2022, especially that we have achieved fruitful pharmaceutical R&D attainments. Our flagship product SM03 (Suciraslimab), a potential global first-in-target anti-CD22 monoclonal antibody for the treatment of RA, is looking forward to the data readout of the final study results for both efficacy and safety, which is expected to be delivered in the second quarter of 2023. The extended timeframe from the original schedule is mainly due to the negative impact and uncertainties caused by COVID in the past years. We plan to file our BLA with the NMPA in the third quarter of 2023 at the earliest for subsequent commercialisation of Suciraslimab, which will usually happen 10 to 12 months after the BLA submission. In the meantime, we are continuing to advance clinical studies of Suciraslimab in other immunological diseases, further expanding the potential therapeutic area of Suciraslimab to fulfill other unmet medical needs, including Alzheimer's disease and Sjogren's syndrome ("**SS**"). We are also honored to have our Phase II clinical study results on the evaluation of the efficacy and safety of Suciraslimab in moderate-to-severe active RA patients published in the *Journal of Immunology*, a reputable Journal on Immunology in the U.S., in June 2022.

The R&D of SN1011, our key product and third-generation covalent reversible Bruton's tyrosine kinase ("**BTK**") inhibitor, has also achieved progress. Two IND approvals, for the treatment of MS and NMOSD, have been approved by the NMPA during the year. SN1011 currently has obtained four IND approvals from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD.

Another key product, SM17, a humanised anti-IL-17RB monoclonal antibody for injection, is a First-in-Class asthma therapeutic product. Its IND application was approved by the FDA, and the first healthy subject had been successfully dosed in a Phase I First-in-Human (FIH) clinical trial in the United States in June 2022. As at the end of the Reporting Period, 59 subjects have been enrolled and none of the subjects reported a serious adverse event. We also plan to carry out a bridging study in China and target to file an IND application for the treatment of asthma with the Center for Drug Evaluation ("**CDE**") of the NMPA by the first half of 2023.

We have two production bases for the subsequent commercialisation for our pipeline product candidates. One is the China headquarters currently under development, located in Suzhou Dushu Lake High Education Town, with a total floor area of approximately 75,000 sq.m., which is being developed for large-scale commercial production capacity. The Suzhou production base will come into operation in phases, phase 1 development with a production capacity of 6,000 litres is expected to come into operation in early 2024. We also have a production base located at Haikou, Hainan with a production capacity of 1,200 litres. Upon completion of the Suzhou development, our total production capacity of our two production bases would be over 36,000 litres (up to one million treatment courses per year).

In addition to our efforts on our product development, we also further expanded our management team to nourish the Group's growth. Mr. Shanchun WANG, one of the key leaders in the biotech industry in China, was appointed as the President (China) of the Company in late 2022. Mr. Wang has more than 30 years rich experience and practical achievements in corporate strategic management, organisational management, innovation research and development and product commercialisation. Mr. Wang is mainly responsible for overseeing and managing the Group's overall operation, as well as clinical development, in China. We believe that the rich experience of Mr. Wang will help expedite the Group's development from a global drug research and development enterprise to a biopharmaceutical company bearing commercialisation capabilities and international perspective.

OUTLOOK

Due to the easing of COVID-19 epidemic worldwide and the further loosened epidemic control measures in Mainland China, global business activities are expected to rebound. Thus we believe that our R&D and commercialisation will progress smoothly. As we are planning to submit the Biologics Licence Application (BLA) to the NMPA for our flagship product Suciraslimab for the treatment of RA this year, we expect to approach another remarkable milestone in the Company's development, to officially enter the commercialisation stage with Suciraslimab becoming our first marketed product. We will continue to expand our marketing team and improve our production facilities to well prepare for the coming commercialisation. We have full confidence in Suciraslimab's prospects. With the expanding of potential indications of Suciraslimab, the smooth progress of the clinical trials of SN1011 and SM17, as well as other candidates, including SM06, moving into the clinical stage, we believe the competitiveness and potential of our candidate pipeline will be further strengthened.

As a biopharmaceutical company having grown up in the Hong Kong Science Park for 20 years, with a better post-pandemic international environment, favorable national policies, domestic and foreign geographical position and global market potential, as well as financial support from the government, we will adhere to the vision of independent innovation, advance the development of novel drugs and further expand the product pipeline, as well as strengthening our product R&D, production and commercialisation capacities with the objective of growing into a global leader in novel treatments for immunological diseases.

BUSINESS REVIEW

The Group is principally engaged in research and development of pharmaceutical products.

The operating performance and the progress of the Group's clinical projects during the year under review and future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

The Group has no immediate plan for material investments or capital assets, other than as disclosed in the above section headed "Business Overview" and this sub-section.

A brief review on the business operation and clinical projects currently undertaken by the Group is set out below.

Overview

We are the first Hong Kong-based listed biopharmaceutical company dedicated to the research, development, manufacturing and commercialisation of therapeutics, primarily monoclonal antibody ("**mAb**")-based biologics, for the treatment of immunological diseases. Headquartered in Hong Kong, we strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based innovative R&D, and PRC-based manufacturing capabilities. We have been dedicated to R&D since our inception, and have built a pipeline of mAb-based biologics and new chemical entities ("**NCE**") addressing indications against a plethora of immunological diseases.

Our flagship product, SM03 (Suciraslimab), is a potential global first-in target anti-CD22 mAb for the treatment of RA and other immunological diseases such as SLE, SS as well as non-Hodgkin's lymphoma ("**NHL**"). The Phase III clinical trial in RA completed its enrollment of 530 patients on 31 December 2021, exceeding the original target of 510 patients. A Phase III extension study has been conducted and 79 patients have been enrolled as at 31 December 2022. The readout of the final study result for both efficacy and safety is expected in the second quarter of 2023. We plan to file our BLA with the NMPA in the third quarter of 2023 at the earliest for subsequent commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission.

Our key product, SN1011, is a third generation covalent reversible BTK inhibitor. SN1011 was designed to exhibit high selectivity with prolonged but controlled drug exposure to achieve superior efficacy and good safety profile for the potentially long-term treatment of patients with chronic immunological disorders. SN1011 currently obtained four IND approvals from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD. The indications of NMOSD and MS are strategically prioritised for development in our current clinical program for SN1011.

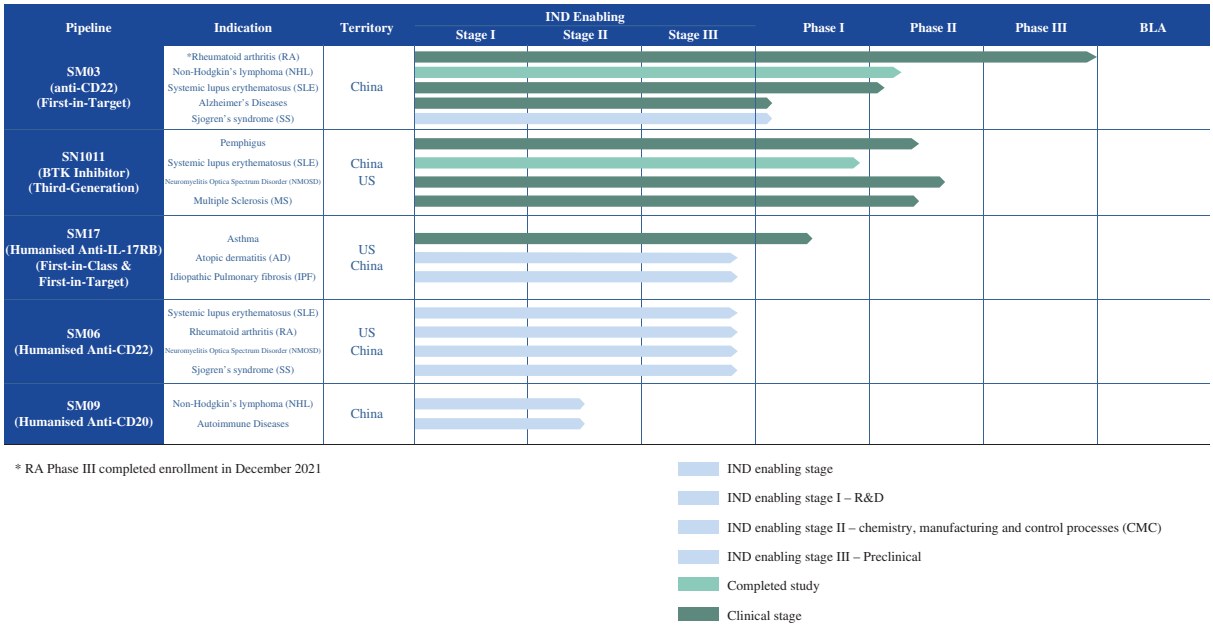
Another key product, SM17, is a first-in-class and first-in-target humanised anti-IL-17RB antibody. The IND application was submitted and accepted by the FDA in February 2022 and was subsequently approved by the FDA in March 2022. The first healthy subject had been successfully dosed in a Phase I First-in-Human (FIH) clinical study in the U.S. in June 2022 and 59 subjects have been enrolled as at 31 December 2022. The FIH study, consisting of multiple cohorts of single ascending dose ("**SAD**") and multiple ascending dose ("**MAD**"), is expected to be completed by the second quarter of 2024 to the build-up basis for the follow-up of various proof-of-concept studies. The compound has the potential for treating asthma, atopic dermatitis ("**AD**"), idiopathic pulmonary fibrosis ("**IPF**") and other immunological disorders.

Our other drug candidate, SM06, is a second-generation humanised anti-CD22 antibody derived from Suciraslimab with similar mechanism of action. Our in-house in-vitro studies demonstrated SM06 to have potentially enhanced efficacy in enacting immunomodulatory effects. The compound is at IND enabling stage for U.S. submission, and currently in the process of optimisation for clinical studies.

Our vision is to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

Progress of clinical projects

Product pipeline



* RA Phase III completed enrollment in December 2021

Flagship product

SM03 (Suciraslimab)

Our self-developed SM03 (Suciraslimab) is a potential first-in-target anti-CD22 mAb for the treatment of rheumatoid arthritis (RA) and other immunological diseases such as systemic lupus erythematosus (SLE), Sjogren's syndrome (SS) as well as non-Hodgkin's lymphoma (NHL). Suciraslimab adopts a novel mechanism of action, which differentiates itself from the current treatments available in the market. Suciraslimab for RA is currently in Phase III clinical trial in China, and we expect it to be our first commercially available drug candidate.

We plan to rapidly advance the development of Suciraslimab. On 31 December 2021, Suciraslimab (SM03) Phase III clinical trial for RA completed its enrollment of 530 patients, exceeding the original target of 510 patients. A Phase III extension study has been conducted and 79 patients have been enrolled as at 31 December 2022. The Phase III clinical trial is a multi-center, randomised, double-blind, placebo-controlled, parallel group study to confirm the clinical efficacy and long-term safety in active RA patients receiving methotrexate (MTX). The efficacy and safety of Suciraslimab was previously evaluated in a Phase II clinical study in moderate-to-severe active RA patients. The study results were published in the *Journal of Immunology*, a reputable Journal on Immunology in the U.S., in June 2022. Study results showed that Suciraslimab at a dose of 600 mg with 4 and 6 infusions respectively, was both efficacious and well-tolerated

throughout the 24 weeks of treatment when compared with the placebo group. Suciraslimab was effective in suppressing disease activity and alleviating symptoms of active, moderate-to-severe RA patients receiving stable doses of background MTX. The readout of the final study result for both efficacy and safety is expected in the second quarter of 2023. We plan to file our BLA with the NMPA in the third quarter of 2023 at the earliest for subsequent commercialisation of Suciraslimab which will usually happen 10 to 12 months after the BLA submission. In addition to the RA program, we will advance Suciraslimab clinical development in other indications to broaden the therapeutic uses of Suciraslimab for addressing other unmet medical needs. Due to strategic prioritisation on specific therapeutic area other than RA, we expect to initiate proof-of-concept clinical studies for Alzheimer's disease and/or SS in China.

Key Products

SN1011

SN1011 is a third generation, covalent reversible BTK inhibitor designed to exhibit high selectivity with prolonged but controlled drug exposure to achieve superior efficacy and good safety profile for the potentially long-term treatment of systemic lupus erythematosus (SLE), pemphigus, multiple sclerosis (MS), NMOSD and other rheumatology or neuro-immunological diseases. SN1011 differentiates from existing BTK inhibitors currently available in the market, such as Ibrutinib, in terms of mechanism of action, affinity, selectivity and safety.

The Phase I study (First-in-Human) in Australia was conducted in 2019 while Phase I study (First-in-Human) in China was conducted and completed in 2021. The study has demonstrated good safety and Pharmacokinetics ("**PK**") profile. SN1011 currently obtained four IND approvals from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD. IND application of SN1011 for the treatment of SLE and pemphigus was approved by the NMPA on 27 August 2020 and 23 June 2021, respectively. During the Reporting Period, an IND for MS was submitted in January 2022 and was approved by the NMPA on 19 April 2022 while another IND for NMOSD was submitted in June 2022 and was approved by the NMPA on 22 August 2022. For the purpose of adjustment on clinical study strategy, the planned submission of IND application for the treatment of MS in the U.S. in the third quarter of 2022 and the follow-up global Phase II clinical trial in the fourth quarter of 2022, as well as the planned initiation of the Phase II clinical study for NMOSD in China, will be re-scheduled. Please also refer to the Company's announcements dated 14 November 2019, 29 January 2020, 29 June 2020, 1 September 2020, 15 January 2021, 24 June 2021, 23 July 2021, 7 February 2022, 20 April 2022, 9 June 2022 and 23 August 2022 for further information about the latest R&D progress of SN1011. The indications of NMOSD and MS are strategically prioritised for development in our current clinical program for SN1011.

SM17

SM17 is developed to treat asthma via blockage of IL-25 signalling via the IL-17RB receptor expressed on specific subgroup of lymphoid cells known as type II innate lymphoid (ILC-2) cell. The antibody is specific to IL-17RB, which is found to be significantly upregulated in biopsy tissues of asthmatic patients. When evaluated in a murine-based Ovalbumin (OVA)-induced Allergic Asthma Model, blockage of receptor signalling by the antibody enhanced protection against airways resistance, and significantly reduced cell infiltration into the lungs and serum levels of antigen specific immunoglobulin E (IgE). This potential first-in-class and first-in-target antibody was further humanised by the Group's international partner, LifeArc (a medical research charity based in the United Kingdom), using their proprietary humanisation technology. The antibody is also found to exhibit other therapeutic potential, including other T2 helper cell pathway involved allergic diseases, such as atopic dermatitis ("**AD**"), idiopathic pulmonary fibrosis ("**IPF**") and type II ulcerative colitis.

The IND application for asthma was submitted and accepted by the FDA in February 2022 and was subsequently approved by the FDA in March 2022. The first healthy subject had been successfully dosed in a Phase I First-in-Human (FIH) clinical trial in the U.S. in June 2022. As at 31 December 2022, 59 subjects have been enrolled in the Phase I clinical study and none of the subjects reported a serious adverse event (SAE). The Phase I clinical study consisting of SAD (single ascending dose) and MAD (multiple ascending doses) cohorts to evaluate its safety, tolerability and PK in healthy subject is expected to be completed by the second quarter of 2024 to build up the basis for the follow-up of various proof-of-concept studies. A bridging study is also planned to be carried in China and an IND application for the treatment of Asthma is targeted to be filed with the CDE of NMPA by the first half of 2023. The compound has the potential for treating asthma, AD, IPF and other immunological disorders. Please also refer to the Company's announcements dated 16 February 2022, 14 March 2022 and 15 June 2022 for further information about the latest R&D progress of SM17.

Other drug candidates

SM06

SM06 is a second-generation anti-CD22 antibody that is humanised using our proprietary framework-patching technology. SM06 is a humanised version of SM03 (Suciraslimab), SM06 works with a similar mechanism of action. Our in-house in-vitro studies demonstrated SM06 to have potentially enhanced efficacy in enacting immunomodulatory effects. It is found to be less immunogenic as the more "human-like" antibody has the potentially improved safety profiles. We believe that the lower immunogenicity of SM06 would be more suitable for treating chronic diseases requiring long-term administration, such as systemic lupus erythematosus (SLE), rheumatoid arthritis (RA) and other immunological diseases. We are currently in the process of

optimising the chemistry, manufacturing and control processes (CMC) for SM06. Furthermore, we are collecting process and pre-clinical data for speedy filing of SM06 in the U.S. for global clinical studies. For the purpose of adjustment on clinical study strategy, the first IND application for SM06 which was originally expected to be submitted in the second quarter of 2023 will be re-scheduled.

SM09

SM09 is a framework-patched (humanised) anti-CD20 antibody that targets an epitope different from that of other market-approved anti-CD20 antibodies such as rituximab, obinutuzumab and ofatumumab for the treatment of NHL and other auto-immune diseases with significant unmet medical needs.

Collaboration

As reported before, a licence agreement was entered into in September 2021 between the Company, Suzhou Sinovent Pharmaceutical Technology Co., Ltd.* (蘇州信諾維醫藥科技股份有限公司), (now known as Evopoint Bioscience Co., Ltd.* (蘇州信諾維醫藥科技股份有限公司), together with the Company as licensor), and Everest Medicines II (HK) Limited, as licensee, to out-licence the right to develop and commercialise SN1011 globally for the treatment of renal diseases.

Pursuant to the Licence Agreement, the Company received an upfront payment of US$4 million in 2021, and is entitled to up to an aggregate of US$183 million in total development and sales milestones. The Company retains all other immunological rights for all indications (other than immunological related renal diseases) relating to SN1011 and will continue its research and development.

Production

We have a production base in Haikou, Hainan. We are also constructing our second production base in Suzhou, Jiangsu.

Haikou Production Base

We carry out our manufacturing activities at our Haikou production base, where we manufacture our drug candidates for pre-clinical research, clinical trials and future large-scale commercial production. The Haikou production base occupies a total operational area of approximately 19,163 square metres with a production capacity of 1,200 litres, which is sufficient for clinical and initial marketing needs. The plant has an operational area consisting of a clean area for processing, a controlled-not-classified (CNC) area for supporting activities, utility rooms, quality control laboratories, warehouse and administrative offices and R&D laboratories for on-going and new product development projects.

Suzhou Production Base

As part of our commercialisation plan, we purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town, China in June 2020. The land is used for constructing the Group's PRC headquarters, an R&D centre as well as another production base, and the total floor area would be approximately 75,000 square metres. This new Suzhou campus consists of commercial manufacturing facilities, a pilot plant, an R&D centre, a quality control centre, a clinical study centre and an administration building. The new production base would be of commercial-scale manufacturing facilities and is currently under construction. The superstructure works have been completed in December 2021 and the infrastructure is expected to be available by 2023. The development of our Suzhou campus will be completed and come into operation in phases. Phase I development with a production capacity of 6,000 litres is expected to come into operation in early 2024. Together with our existing production capacity of 1,200 litres from Haikou production base, our manufacturing capacity would be up to two hundred thousand treatment courses per year. Upon completion of the development, the total production capacity of the production base would be over 36,000 litres (up to one million treatment courses per year).

Intellectual property

Core technology of main drugs (products)

For SM03 (Suciraslimab), the Group has two invention patents granted and registered in the PRC, of which one invention patent is also applicable to SM06, and four invention patents which are granted and registered in the United States, all of which are also applicable to SM06.

For SN1011, the Group has one invention patent granted and registered in the United States and one invention patent granted and registered in the Europe.

For SM09, the Group has two invention patents granted and registered in the PRC. The Group also holds three invention patents granted and registered in the United States for SM09.

During the Reporting Period, the Group has filed two invention patent applications for Suciraslimab in the United States, two Patent Cooperation Treaty ("**PCT**") patent applications, and one invention patent application in the PRC. As at 31 December 2022, the Group has four pending patent applications in the United States, five pending patent applications in the PRC, two pending patent applications in the Europe, and two PCT patent applications.

Well-known or famous trademarks

The Company conducts its business under the brand name of "SinoMab" ("中國抗體"). As at the end of the Reporting Period, the Company had various registered trademarks in Hong Kong and the PRC, with multiple trademark applications pending approval in the PRC.

Patents

Item	**As at 31 December 2022**	As at 31 December 2021
Number of invention patents owned by the Group*	**31**	27

* *including patent pending and granted patent.*

R&D personnel

Education level	**Number at the end of the Reporting Period**	**Number at the beginning of the Reporting Period**
PhD	**11**	8
Master	**40**	17
Undergraduate or below	**36**	13
Total number of R&D personnel	**87**	38

The above number of R&D personnel does not include our employees in manufacturing, quality assurance or quality control for the clinically related operation.

Future and prospects

We strive to become a leading global biopharmaceutical company for the development of novel drugs to fulfil unmet medical needs through our Hong Kong-based innovative R&D, and PRC-based manufacturing capabilities. Our vision is to become a global leader in the innovation of therapeutics for immunological and other debilitating diseases.

Our portfolio of drug candidates encompasses the entire immunological field which, we believe, will enable us to provide comprehensive treatment options for field-wide indications to patients. We believe our dedication, experience and achievements in the field of immunology have expedited the process, and elevated the industry standard, for the discovery and development of novel therapeutics against a variety of immunological diseases. As a result, we have accumulated significant experience in the discovery of new treatment modalities for immunological diseases, which will allow us to better capture a substantial share of the immunological disease market. We believe that our strategic specialisation and dedicated focus on immunological diseases is an effective way to differentiate ourselves from our peers. By specialising in innovative treatments of immunological diseases, we seek to solidify our leading position in the field, thereby creating a higher barrier to entry for our peers to compete with us in the development of first-in-target or first-in-class drug candidates.

Further, our product pipeline is backed by our established full-spectrum platform integrating in-house capabilities across the industry chain, for instance, our strong and independent target identification, drug candidate development, pre-clinical research, clinical trials, clinical production, quality control, quality assurance, regulatory approval and commercial-scale production up to the commercialisation stage, as well as all other processes in the discovery and development of our drug candidates. We believe that this full-fledged capability is matched by only a few biopharmaceutical companies in the Greater China region.

With a diverse and expanding product pipeline, we believe that we are well positioned to become an industry leader in the development of treatments for immunological diseases.

The Group will continue to focus on the advancement of our flagship product SM03 (Suciraslimab) towards commercialisation, further progress our existing product pipeline, discover and develop novel drugs for the treatment of immunological diseases by leveraging our R&D capabilities, expand our production scale to support our product commercialisation and strengthen our global presence through leveraging our position as a Hong Kong-based biopharmaceutical company.

The Company is committed to educating its current and potential investors in respect of the Company's products and pipeline development, for example, through non-deal roadshows.

Clinical development plan

We will continue to advance clinical trials for SM03 (Suciraslimab) for RA and other autoimmune diseases. As previously mentioned, we expect to file our Suciraslimab BLA for RA with the NMPA in 2023. In terms of the broader indication development, we will advance clinical trials for SS and other autoimmune diseases. We plan to initiate IND application and proof-of-concept Phase II clinical study for SS in China. We are also in the process of further broadening therapeutic area of Suciraslimab, seeking regulatory pathways to extrapolate the clinical indications of neuro-immunological diseases for Suciraslimab. We are in the process of planning for IND application and proof-of-concept study targeting Alzheimer's disease, based on the recent innovative R&D findings about potential treatment of Suciraslimab. The IND is expected to be submitted and approved in 2023.

As reported, based on SN1011 IND approval obtained from the NMPA for the treatment of SLE, pemphigus, MS and NMOSD, the Company currently strategically prioritises its clinical program for SN1011 for the indications of NMOSD and MS. For the purpose of adjustment on clinical study strategy, the planned submission of IND application for the treatment of MS in the U.S. in the third quarter of 2022 and the follow-up global Phase II clinical trial in the fourth quarter of 2022 as well as the planned initiation of Phase II clinical study for NMOSD in China, will be re-scheduled.

In respect of SM17, the Phase I first-in-human clinical trial was entered into in the U.S. in June 2022, and the earliest time for Phase I results will be in the second quarter of 2024. As at 31 December 2022, 59 subjects have been enrolled in the FIH clinical trial. Proof-of-concept studies will then be conducted to evaluate the primary efficacy of SM17 in asthma or other indications, if supported by good tolerability and safety results from Phase I, which is expected.

As for SM06, we will advance the first IND application process, aiming for a bio-better product development for known indications based on good therapeutic potential of Suciraslimab as well as further exploration into other immunological diseases with unmet medical needs worldwidely.

Pre-clinical R&D

We are in the process of building a pre-clinical R&D platform for studying pathogenesis of autoimmune diseases, as well as exploring and identifying solid treatment for them. Our internal R&D team is in the process of discovering novel mechanisms for treatment of multiple autoimmune diseases areas for rheumatology, neuro-immunology, respiratory and dermatology. Our R&D team possesses the capability of generating pre-clinical pharmacology internally and is developing in-depth collaboration with well-known clinical KOLs from our on-going clinical programs. By utilising established business and cooperation relationship with vendors/partners, the Company is in the process of generating and collecting the IND-enabling data package for our multiple products under pre-clinical development, such as SM06, and will thereafter conduct pre-clinical studies to test their efficacies, safety and PK/PD, and fulfil other regulatory requirements.

The Company continues to optimise production and pre-clinical research for SM09. The Company will engage NMPA and/or the FDA to initiate clinical trials upon completion of these pre-clinical researches.

Novel drug targets identification

The Company has been actively exploring novel targets identification. The Company has engaged D2M for a long-term collaboration for the identification of novel drug targets, for which the Company is entitled to conduct subsequent researches, development and commercialisation with regards to qualified drug targets which are chosen by the Company from the original results of D2M's target identification works according to a prioritised target-selection mechanism.

Production

As previously reported, the Group purchased a piece of land of 43,158 square metres in Suzhou Dushu Lake High Education Town in China in June 2020. The land is used for constructing the Group's PRC headquarters, an R&D centre as well as another production base, and the total floor area would be of approximately 75,000 square metres. This new Suzhou campus consists of commercial manufacturing facilities, a pilot plant, an R&D centre, a quality control centre, a clinical study centre and an administration building. The superstructure works have been completed in December 2021 and the infrastructure is expected to be available by 2023. The development of the new Suzhou campus will be completed and come into operation in phases. Phase I development with a production capacity of 6,000 litres (up to two hundred thousand treatment courses per year) is expected to come into operation in early 2024. Upon completion of the new Suzhou campus, the total production capacity of the production base would be over 36,000 litres (up to one million treatment courses per year).

Commercialisation

Albeit uncertainties associated with COVID-19, we are continuing to build up our sales team. Our commercialisation team is expected to cover a majority of provinces and municipalities in China and to support the future commercialisation of our drug candidates. We are actively exploring and identifying opportunities for collaboration and/or partnership, including but not limited to licensing in or licensing out, to enhance our sales and business development capabilities.

MARKET OVERVIEW

In 2021, the total sales volume of the TOP100 drugs in Global Sales ("**TOP 100 Drugs**") was about US$452 billion, among which monoclonal antibody drugs accounted for 34% of sales revenue, (approximately US$152.1 billion and accounted for 32% of the market share). In terms of indication, immunological diseases accounted for 18% of the TOP 100 Drugs sales revenue, (approximately US$79.4 billion, and accounted for 17% of the market share). According to Frost & Sullivan, the global market for autoimmune disease drugs is expected to increase from US$120.5 billion in 2020 to US$163.8 billion in 2030, at a CAGR of 6.0%.

The overall scale of existing patients with autoimmune diseases in China is huge. According to "*Rheumatoid Arthritis in China: A National Report of 2020*" issued by the National Clinical Research Center for Dermatologic and Immunologic Diseases in October 2021, there are about 5 million RA patients in China. With the continuous improvement of the diagnosis and treatment rate of autoimmune diseases in China and the continuous progress of related medical technologies, the market size of RA in China is expected to expand rapidly. According to Frost & Sullivan, the RA therapeutics market in the PRC is expected to reach RMB28 billion by 2023 and RMB83.3 billion by 2030. We have been focusing on the R&D of monoclonal antibody drugs in the field of autoimmune diseases for more than 20 years, our existing product pipeline covers all indications in the field of autoimmune diseases. We are one of a few biopharmaceutical companies in China with full-fledged capability that integrates all-industry functionalities, including R&D, production and commercialisation. Once Suciraslimab can be successfully commercialised, leveraging on the first- mover advantage in the first-in-target and first-in-class of Suciraslimab and its competitive advantage in its relatively improved safety profile over existing and potential market competitors, precisely formulating R&D and sales strategies, and focusing on the target group, we believe that we can create certain values for this significant market, and thus the successful launch of Suciraslimab will be an important milestone in the development of the Group.

COVID-19

During the Reporting Period, the pandemic affected one clinical trial in the PRC since a number of out-patient clinics have closed temporarily, patients or subjects have generally avoided visiting hospitals and certain hospitals have put on hold the enrollment of patients or subjects for clinical trials. During the Reporting Period, the pandemic also affected logistic and related preparations for global clinical studies, due to the strict boarder control and travel limitations during the pandemic. Save as disclosed, as at the date of this announcement, all other operations for the Company have been conducted as normal so far. Given the relaxation on the pandemic policy worldwide, we expect the affected clinical trial development will resume to normal.

Strategic in-house platforms for establishing strong pipeline

We are armed with several innovative technological and therapeutic platforms, allowing us to come up with novel antibody candidates that are specific for novel targets, achieving therapeutic effects via novel mechanisms of actions:

Antibody Humanisation Platform

Most antibodies are produced in a murine background, and antibody humanisation (a genetic engineering approach) is needed to convert the murine sequence into human sequence without affecting the affinity and specificity of the original antibody (parent antibody). We employ a novel approach known as "Framework-patching" to introduce "human-ness" in a functional perspective (functional humanisation). Our SM06 and SM09 antibodies were humanised using this novel technology unique to the Company.

B-cell Therapeutic Platform

The Company was established with an initial focus on developing therapeutics that target B cells. As more and more data accumulated and the functions of these B cell antigens/targets and the roles of B cells played in the immune system were better understood, their potentials for treating autoimmune diseases had become prominent — forming our bases for "B cell therapy approach". There are possibilities of use in combination of our different products developed on our B cell therapeutic platform in the future. These antigens and targets include:

a. CD22 — our SM03 and SM06, anti-CD22 antibody, were developed under our B-cell therapeutic platform.

b. CD20 — our SM09, a framework-patched version of a novel anti-CD20 antibody, was developed under our B-cell therapeutic platform.

c. BTK — our SN1011, a third generation covalent reversible BTK inhibitor, was developed to maximise the therapeutic benefits of B cell therapy.

Alarmins-pathway Therapeutic Platform

The immune system is an interplay between different cell lineages and factors; but the majority of which include B cell, T cell and cytokines. Albeit our good coverage on B cell specific targets, there are other areas we need to fill in order to address other immune related ailments. While most cytokines are well studied, and products against which approved, there emerges a new class of factors known as alarmins that are upstream of the immune pathway. These alarmins play crucial roles in autoimmune diseases involving the respiratory tract and dermatological tissues such as asthma, AD, IPF, etc.

IL-25 is one of the three alarmins that targets a particular receptor called IL-17RB. Our SM17 is a humanised, IgG4-k monoclonal antibody targeting IL-17RB, developed under our alarmins-pathway therapeutic platform.

Selective-T Cell Therapeutic Platform

Our pipeline covers B cell and Alarmins/cytokines, and there exists a major missing piece in the immunotherapy portfolio — T cells. The T-cell associated receptor is not well researched in the biopharma area as its function is promiscuous. We have developed a platform to isolate antibodies that have selective binding to the receptor, resulting in the identification of a battery of antibodies with differentiated functionality covering a wide range of immunological diseases.

Neurological Disease Platform

In 2019, there was a paper published in the journal Nature that demonstrated that anti-CD22 antibody would have therapeutic effects on degenerative neurological disease in a murine model. We researched the possibility of using SM03 for treating Alzheimer's disease and found that CD22 is significantly expressed in microglia and other neurological cells.

The discovery that anti-CD22 antibody can induce the internalisation of Aβ protein has led to the development of bispecific antibodies that target anti-inflammatory cell surface antigens and Aβ protein for treating Alzheimer's and other neurological diseases. Product candidates are descendants of the SM03/SM06 lineage.

RISK FACTORS

R&D risk of new drugs

Classified as technical innovations, the R&D of new drugs is characterised by long R&D cycles, significant investment, high risks and a low success rate. From laboratory research to obtaining approval, new drugs have to go through a lengthy process linked by complicated stages, including pre-clinical studies, clinical trials, registration and marketing of new drugs and after-sales supervision. Any of the above stages is subject to the risk of failure.

The Company will strengthen its forward-looking strategic research, and determine the direction of new drug R&D according to the needs of clinical drug use. The Company will also formulate reasonable new drug technology solutions, continuously increase the investment in R&D of new drugs, and uphold the principle of prudence in launching R&D projects for new drugs. In particular, the Company implements phase-based assessments on product candidates in the course of R&D. If it is found that the expected result cannot be achieved, the subsequent R&D of such product candidates will be terminated at once, so as to minimise the R&D risk of new drugs.

Market competition risk

The R&D and commercialisation of new drugs is highly competitive. The Company's recent drug candidates and any new drugs that may be sought for R&D and commercialisation in the future will face competition from pharmaceutical companies and biotechnology companies around the world. The Company's commercial opportunity could be reduced or eliminated if our competitors develop and commercialise drugs that are safer, are more effective or have fewer side effects than the drugs we have developed. The Company's competitors may also obtain approval from the NMPA or FDA sooner than the Company obtaining approval for its drugs, such that the competitors may establish a strong market position before the Company is able to enter the market. The Company will maintain its market competitiveness with its rapid advancement in R&D and clinical trials of drugs, corroborant efficacy and stable production process.

Quality control risk of drugs

The quality and safety of drugs not only concern the health of drug users but also arouse wide public concern. Due to various factors, drugs are subject to quality control risks in all stages, including R&D, manufacturing, distribution and use. Therefore, risk control runs through the entire process of drug development, manufacturing, distribution, and use. The Company will secure necessary resources, strengthen training in risk management, and improve various rules and regulations, so as to ensure strict compliance with the GMP standards and control the quality risk of drugs.

Risk of not making profit in short run

One of the most prominent characteristics of the biopharmaceutical industry is a long profit cycle. Generally, a biopharmaceutical enterprise at the R&D stage takes a longer time to reach profitability. As an early-stage biopharmaceutical enterprise, the Company is under a period of making significant R&D investment. With the further supplement of product pipelines, as well as rapid advancement in domestic and international clinical trials for drug candidates, the Company will continue to make significant R&D investment. Our future profit will depend on the marketing progress of drug candidates and the sale of marketed drugs. In addition, significant R&D investment, business promotion costs and operation costs create more uncertainties over making profits. Therefore, the Company is subject to the risk of not making a profit in the short run.

Risk of industry regulations and policies

In view of the various reforms in the medical industry, encouragement of innovation and reduction in drug prices by pharmaceutical enterprises have become an inevitable trend. The Company will adapt to changes in external policies and strive to enhance R&D, in order to respond to challenges through innovation. The Company will also adhere to legal compliance by adapting its business activities to changes in regulatory policies, thereby preventing policy risks.

In the face of industry and policy risks, the Company will adapt to changes in external policies by continuous improvement in capabilities of innovation and sustainable development, increased R&D investment, accelerated clinical trials and launching of innovative drugs, in order to respond to challenges through innovation. On this basis, the Company will further expand its production capacity and reduce the unit cost of its products, so as to address the trend of price reduction of drugs.

Foreign exchange risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

In response to the foreign exchange risk, the Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position to reduce the impact of the foreign exchange risk on the Company.

FINANCIAL REVIEW

Other income and gains, net

Our other income and gains consist primarily of bank interest income, changes in fair value on a financial asset at fair value through profit or loss, government grants and foreign exchange gain. Total other income and gains were approximately RMB55.1 million for the Reporting Period, representing an increase of approximately RMB26.3 million from the year ended 31 December 2021, mainly due to (i) a gain on partial disposal of investment in D2M and fair value remeasurement of existing equity interest in the investee of approximately RMB39.8 million; (ii) an increase in government grants of approximately RMB3.3 million; offset by (iii) a decrease in foreign exchange gain, net of approximately RMB9.9 million and (iv) a decrease in bank interest income of approximately RMB7.1 million.

R&D costs

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Laboratory consumable and experiment costs	**99,003**	151,707
Employment costs	**59,269**	35,427
Milestone payments of co-developed products	**4,422**	–
Others	**17,674**	11,979
	180,368	199,113

Our R&D costs mainly include laboratory consumables, experiment costs, employment costs of R&D employees, co-development fee, depreciation of right-of-use assets relating to leases of research facilities and depreciation of research and testing equipment.

For the years ended 31 December 2022 and 2021, we incurred R&D costs of approximately RMB180.4 million and RMB199.1 million, respectively. The decrease in our costs of business development in R&D during the Reporting Period was mainly attributable to (i) a decrease in laboratory consumable and experiment cost of approximately RMB52.7 million due to completion of patients enrollment for Suciraslimab phase III clinical trial for RA as of 31 December 2021 and completion of Phase I study (First-in-Human) for SN1011 in Australia and China in July 2021; offset by (ii) an increase in employment costs of R&D employees of approximately RMB23.9 million; (iii) an increase of approximately RMB4.4 million in milestone payment following the IND application approval for SM17 by the FDA to enable the Company to initiate the FIH clinical trial in the U.S.; and (iv) an increase of approximately RMB4.3 million in depreciation and amortisation charges in relation to R&D activities.

Administrative expenses

Our administrative expenses primarily consist of employee costs of administrative personnel, depreciation of right-of-use assets relating to leases of office space, depreciation and amortisation, rental and property management fees, consulting and auditing fees, legal and other professional advisory service fees, office expenses, transportation costs and others.

For the years ended 31 December 2022 and 2021, our total administrative expenses were approximately RMB82.6 million and RMB133.4 million, respectively. The decrease was mainly due to (i) a decrease in non-cash share-based payments of approximately RMB59.3 million including the Company's RSU Scheme, share award scheme and share option scheme; and offset by (ii) an increase in depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets of approximately RMB2.8 million in the Reporting Period.

Other expenses, net

For the year ended 31 December 2022, there was foreign exchange loss, net, of approximately RMB61.9 million (2021: foreign exchange gain, net RMB9.9 million). During the Reporting Period, most of the Company's cash and cash equivalents were denominated in RMB. The majority of the exchange loss, which was caused by the difference of the functional currency of Hong Kong headquarters in HKD and the presentation currency of the Group in RMB, did not represent the Company's actual loss.

Liquidity and capital resources

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet its future development demands for capital.

As at 31 December 2022, cash and cash equivalents totalled RMB345.7 million, as compared to RMB563.0 million as at 31 December 2021. The net decrease of approximately RMB217.3 million was mainly due to (i) net proceeds from issue of shares of approximately RMB46.1 million; (ii) proceeds from partial disposal of investment in D2M of approximately RMB33.4 million; (iii) the net increase in the bank borrowing of approximately RMB66.8 million; (iv) the net effect of foreign exchange rate change of approximately RMB59.5 million mainly due to weakening of RMB against HKD and USD; offset by (v) spending on the capital expenditures of approximately RMB112.7 million, mainly for our commercial production base in Suzhou; and (vi) the net cash used in operating activities, of approximately RMB300.5 million in the Reporting Period.

The following table sets forth a condensed summary of the Group's consolidated statement of cash flows for the years ended indicated and analysis of balances of cash and cash equivalents for the years ended indicated:

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Net cash flows used in operating activities	**(300,538)**	(147,063)
Net cash flows used in investing activities	**(81,358)**	(137,702)
Net cash flows from financing activities	**102,285**	57,515
Net decrease in cash and cash equivalents	**(279,611)**	(227,250)
Cash and cash equivalents at the beginning of the year	**562,983**	810,370
Effect of foreign exchange rate changes, net	**59,515**	(20,137)
Cash and cash equivalents at the end of the year	**342,887**	562,983
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated statement of financial position	**345,712**	562,983
Bank balances restricted for special purpose	**(2,825)**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	**342,887**	562,983

As at 31 December 2022, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Bank borrowing and gearing ratio

As at 31 December 2022, the Group's outstanding borrowing of RMB268.8 million (31 December 2021: RMB198.8 million) were denominated in RMB and carried at a fixed interest rate of 3.30% per annum and variable rates of interest ranging from the People's Bank of China RMB Loan Prime Rate minus 0.30% per annum to the People's Bank of China RMB Loan Prime Rate plus 0.25% per annum.

The Group monitored capital using gearing ratio. Gearing ratio is calculated using interest-bearing bank borrowing less cash and cash equivalents divided by total equity and multiplied by 100%. During the Reporting Period, the Group always maintained a net cash position.

Pledge of assets

As at 31 December 2022, land use right of net carrying amount of approximately RMB15.0 million was pledged to secure the bank loan borrowed by the Group (2021: RMB15.5 million).

Significant investment held and disposed

The Group did not have any significant investment which accounted for more than 5% of the Group's total assets as at 31 December 2022.

Material event — Subscriptions of new shares under general mandate

On 16 November 2022, the Company completed an issue of 28,680,000 new ordinary shares at a subscription price of HK$1.78 per share to two subscribers and raised net proceeds of approximately HK$50,890,400, representing a net subscription price of HK$1.77 per subscription price.

Saved as disclosed in this section headed "Material event — Subscriptions of new shares under general mandate" in this announcement, the Company has not conducted any equity fund raising activities during the Reporting Period. The net proceeds from the subscription of shares are being utilised in accordance with the purpose set out in announcement of the Company dated 7 November 2022 (the "**Announcement**"). The unutilised balance of the net proceeds as at 31 December 2022 was approximately HK$50,651,400. After careful consideration and detailed evaluation of the Group's operations and business strategy, the Board resolved to change the use of the unutilised net proceeds.

Change in use of proceeds raised from the share subscriptions

As the result of adjustment on clinical study strategy for SN1011, the planned submission of IND application for the treatment of MS in the U.S. in the third quarter of 2022 and the follow-up global Phase II clinical trial in the fourth quarter of 2022, as well as the planned initiation of the Phase II clinical study for NMOSD in China, will be re-scheduled. The Company decides to reallocate HK$39,580,400 from the use of net proceeds raised from the share subscriptions from *"Further advance the Company's R&D programmes, expand its R&D team, build its commercialisation team, develop its proprietary technology and enhance its full-spectrum platform — for R&D programmes of SN1011 especially for the Phase II clinical study for neuromyelitis optica spectrum disorder (NMOSD) in China for the trial expense and related production cost"* to *"For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03"* for supporting the BLA filing with NMPA and preparation of commercialisation from the third quarter of 2023 at the earliest.

The Board considered that the above change in use of proceeds from the share subscription would allow the Group to deploy its financial resources more efficiency and therefore, is in the best interest of the Company and its shareholders as a whole and it will not have any material adverse effect on the existing business and operation of the Group.

Saved for the above, there is no change in the use of net proceeds from the share subscriptions.

Intended use of the proceeds	Planned application *Approximate (HK$)*	Revised allocation *Approximate (HK$)*	Details of usage	Actual utilisation up to 31 December 2022 *Approximate (HK$)*	Unutilised net proceeds as at 31 December 2022 *Approximate (HK$)*	Expected timeline for full utilisation of the unutilised net proceeds
(i) For the R&D and commercialisation of our drug candidates	–	39,580,400	For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; and (ii) New Drug Application registration filings and the commercial launch of SM03.	–	39,580,400	By the end of 2023
(ii) Further advance the Company's R&D programmes, expand its R&D team, build its commercialisation team, develop its proprietary technology and enhance its full-spectrum platform	39,819,400	239,000	For R&D programmes of SN1011, especially for the Phase II clinical study for neuromyelitis optica spectrum disorder (NMOSD) in China, for the trial expense and related production cost.	239,000	–	By the end of 2023
	3,988,000	3,988,000	To fund the expansion of R&D team.	–	3,988,000	By the end of 2023
	1,994,000	1,994,000	To build the Company's commercialisation team, develop its proprietary technology and enhance the Company's full-spectrum platform.	–	1,994,000	By the end of 2023
(iii) For general working capital purpose	5,089,000	5,089,000	For the general working capital of the Group, including but not limited to staff employment cost and rental and property management fees.	–	5,089,000	By the end of 2023
Total	50,890,400	50,890,400		239,000	50,651,400	

Global offering and use of proceeds

On 12 November 2019, the Company's shares were listed on the Stock Exchange (the "**Listing**") and the Company raised net proceeds of HK$1,272.8 million ("**Net Proceeds**"). As at 31 December 2022, the unutilised balance of Net Proceeds was approximately HK$254.9 million. In respect of the use of proceeds in the prospectus dated 31 October 2019 (the "**Prospectus**") and subsequent change in use of proceeds as disclosed in the announcements issued by the Company dated 22 July 2020, 14 August 2020 and 21 March 2022, the Board resolved to change the use of unutilised Net Proceeds.

Change in use of proceeds raised from the Listing

To better use the unutilised Net Proceeds, the Company decides to reallocate an aggregate of HK$80.0 million under "For the construction of Suzhou production base", among which HK$60.0 million from the use of proceeds from *"For the construction of an upstream production facility and downstream purification facility"* and HK$20.0 million from *"For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of RA, SLE, NHL and other potential indications, R&D of SM03 at commercialisation to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline"* to (i) HK$30.0 million to *"For the R&D and commercialisation of our core product, SM03"*; (ii) HK$20.0 million to *"To fund pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline"*; (iii) HK$15.0 million to *"For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio"* and (iv) HK$15.0 million to *"For our working capital, expanding internal capabilities and other general corporate purposes"*.

The actual cost of construction is less than the estimation of the construction project of our Suzhou production base since the land is purchased and the commencement of construction. The project has been in good progress. The construction project is near the completion stage and the infrastructure is expected to be available by 2023. In view of the plentiful planned resources to the Suzhou project, the Board considered that totalling HK$80.0 million out of the original planned applications in relation to the construction of Suzhou production base could be reallocated to other segments.

In considering the current balance of unutilised net proceeds for the R&D and commercialisation of our core product, SM03, the Board considered that it would be appropriate to relocate HK$30.0 million for SM03 for its BLA filing and preparation of commercialisation in 2023.

In considering the current balance of unutilised net proceeds for the funding to pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline, the Board considered that it would be appropriate to relocate HK$20.0 million in particular to support the Phase I clinical trial study for SM17.

The Board recognised the importance of expanding the pipeline and considered it would be appropriate to reallocate HK$15.0 million for the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio.

Considering the rapid expansion of our Group, the Board also considered that it would be appropriate to reallocate HK$15.0 million for the use of our working capital, expanding internal capabilities and other general corporate purposes.

The Board considered the impact of the proposed change in the use of the proceeds on the Group's business and believes that, in view of the Group's operation and business development, the reallocation of the unutilised Net Proceeds will facilitate efficient allocation of financial resources and strengthen the future development of the Group, and it is appropriate and in the interests of the Company and its shareholders as a whole. Save for the above, there is no other change in the use of Net Proceeds.

Use of proceeds	**Planned applications** *(Note 1)* *(HK$ million)*	**Revised allocation** *(HK$ million)*	**Actual utilisation up to 31 December 2022** *(HK$ million)*	**Unutilised net proceeds as at 31 December 2022** *(HK$ million)*	**Expected timeline for full utilisation of the unutilised net proceeds** *(Note 2)*
For the R&D and commercialisation of our drug candidates					
For the R&D and commercialisation of our core product, SM03, to fund clinical trials for SM03 including (i) ongoing and planned clinical trials in the PRC; (ii) additional clinical trials to be initiated in the PRC for additional indications; (iii) clinical trials in Australia and the United States; and (iv) New Drug Application registration filings and the commercial launch of SM03	220.9	250.9	201.2	49.7	By the end of 2023
To fund pre-clinical research, clinical trials, production, preparation for registration filings and potential commercial launches of the other drug candidates in our pipeline	279.4	299.4	269.5	29.9	By the end of 2023

Use of proceeds	Planned applications (Note 1) (HK$ million)	Revised allocation (HK$ million)	Actual utilisation up to 31 December 2022 (HK$ million)	Unutilised net proceeds as at 31 December 2022 (HK$ million)	Expected timeline for full utilisation of the unutilised net proceeds (Note 2)
To further advance our R&D programmes, expand our R&D team, build our commercialisation team, develop our proprietary technology and enhance our full-spectrum platform	52.4	52.4	52.3	0.1	By the end of 2023
For the discovery and development of new drug candidates not currently in our pipeline to diversify our product portfolio	84.9	99.9	83.7	16.2	N/A (Note 3)
For the construction of our Suzhou production base primarily for the commercial-scale production of our core product SM03					
For the purchase of laboratory equipment, primarily for the R&D of SM03 and potentially for the R&D of other products in our pipeline	85.8	85.8	48.4	37.4	By the end of 2023
For the purchase of manufacturing equipment, primarily for the production of SM03	59.7	59.7	9.9	49.8	By the end of 2023
For the construction of the Suzhou production base					
For the construction of additional R&D facilities and purchase of laboratory equipment to aid the ongoing R&D of SM03 for the treatment of rheumatoid arthritis, systemic lupus erythematosus, non-Hodgkin's lymphoma and other potential indications, R&D of SM03 at commercialisation to enhance craftsmanship for large-scale production, as well as the development of other products in our pipeline	107.6	87.6	81.7	5.9	By the end of 2023
For the construction of an upstream production facility and downstream purification facility	88.2	28.2	6.2	22.0	By the end of 2023
For the purchase of land from the Suzhou Dushu Lake Higher Education Town and other expenses related to the expansion of our Suzhou production base	117.9	117.9	94.9	23.0	By the end of 2023
For our working capital, expanding internal capabilities and other general corporate purposes	137.2	152.2	131.3	20.9	N/A
Collaboration with D2M Group	38.8	38.8	38.8	–	N/A
Total	1,272.8	1,272.8	1,017.9	254.9	

Notes:

(1) Planned applications as revised and disclosed in the Company's announcements dated 22 July 2020, 14 August 2020 and 21 March 2022.

(2) The expected timeline for utilising the unutilised net proceeds is based on the best estimation made by the Group. It is subject to change based on the future development and events which may be outside of the Group's control.

(3) As the discovery and development of new drug candidates not currently in pipeline is a continuous and ongoing process, the Company is unable to set out a detailed timeline for the utilisation of such net proceeds.

Such utilisation of the net proceeds was in accordance with the planned applications as set out in the above. The unutilised portion of the net proceeds will be applied in a manner consistent with the above planned applications.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with each of the Directors, all the Directors confirmed that they had complied with such code of conduct throughout the year ended 31 December 2022.

PRELIMINARY ANNOUNCEMENT OF AUDITED ANNUAL RESULTS

The financial information relating to the years ended 31 December 2022 and 2021 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for both years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 to the Registrar of Companies in due course.

- The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

EVENTS AFTER REPORTING PERIOD

There are no significant events that affected the Group after the Reporting Period and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential to providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules throughout the Reporting Period.

The Board is of the view that throughout the Reporting Period, the Company has complied with all code provisions as set out in the CG Code, save for the deviation as disclosed in this announcement.

Pursuant to code provision C.2.1 in the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Dr. Shui On LEUNG ("**Dr. Leung**") is currently both the chairman and the chief executive officer of the Company. The Board believes that Dr. Leung is the Director best suited, among all Directors, to identify strategic opportunities and focus in view of his extensive understanding of the Company's business as a founder and the chief executive officer. The Board further believes that the combined role of chairman and chief executive officer will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) decisions to be made by the Board require approval by at least a majority of the Directors; (ii) Dr. Leung and the other Directors are aware of and have undertaken to fulfil their fiduciary duties as Directors, which require, amongst other things, that they act for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is protected by the operations of the Board, which consists of an executive Director (Dr. Leung), five non-executive Directors and four independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategies and other key business, financial, and operational policies of the Company are made collectively after thorough discussions at both the Board and

senior management levels. Therefore, the Board considers that it is in the best interest of the Group for Dr. Leung to take up both roles for business development and effective management, and the deviation from the code provision C.2.1 in the CG Code is appropriate in such circumstances.

The Board has amended the Terms of Reference of the Remuneration Committee on 20 March 2023 to comply with the code provision E.1.2(i) in the principles and code provisions as set out CG Code.

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors, being Mr. Ping Cho Terence HON (Chairman), Mr. George William Hunter CAUTHERLEY, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control and systems of the Group and overseeing the audit process and the relationship between the Company and its auditor.

The Audit Committee has reviewed alongside the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the Reporting Period.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statements of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this annual results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022 prepared in accordance with HKFRSs. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this annual results announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Monday, 12 June 2023. The notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinomab.com) and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the Reporting Period.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 7 June 2023 to Monday, 12 June 2023, both days inclusive, during which no transfer of shares will be registered, in order to determine the holders of the shares of the Company who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of the shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 6 June 2023 (Hong Kong time, being the last share registration date).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
REVENUE	*3*	**–**	25,913
Other income and gains, net	*3*	**55,117**	28,751
Research and development costs		**(180,368)**	(199,113)
Administrative expenses		**(82,591)**	(133,400)
Other expenses, net	*4*	**(65,958)**	(235)
Finance costs		**(4,962)**	(5,821)
Share of loss of an associate		**(5,396)**	(4,289)
LOSS BEFORE TAX		**(284,158)**	(288,194)
Income tax expense	*5*	**–**	–
LOSS FOR THE YEAR		**(284,158)**	(288,194)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*6*	**0.29**	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	2022	2021
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(284,158)**	(288,194)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation to the presentation currency	**62,387**	(20,710)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(221,771)**	(308,904)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**391,973**	253,285
Right-of-use assets		**93,844**	102,922
Investment in an associate	*8*	**–**	26,933
Intangible assets		**2,595**	1,921
Deposits		**2,005**	2,444
Other non-current assets	*9*	**70,838**	58,465
Total non-current assets		**561,255**	445,970
CURRENT ASSETS			
Prepayments, deposits and other receivables		**58,431**	32,702
Financial asset at fair value through profit or loss	*10*	**30,476**	–
Cash and cash equivalents		**345,712**	562,983
		434,619	595,685
Non-current asset held for sale	*11*	**12,474**	–
Total current assets		**447,093**	595,685
CURRENT LIABILITIES			
Other payables and accruals	*12*	**141,590**	85,970
Lease liabilities		**15,380**	7,394
Interest-bearing bank borrowings	*13*	**30,421**	5,000
Total current liabilities		**187,391**	98,364
NET CURRENT ASSETS		**259,702**	497,321
TOTAL ASSETS LESS CURRENT LIABILITIES		**820,957**	943,291
NON-CURRENT LIABILITIES			
Lease liabilities		**73,024**	69,288
Interest-bearing bank borrowings	*13*	**238,358**	193,777
Total non-current liabilities		**311,382**	263,065
Net assets		**509,575**	680,226
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**1,725,211**	1,679,126
Reserves		**(1,215,636)**	(998,900)
Total equity		**509,575**	680,226

NOTES

1. GENERAL

The Company was established in Hong Kong on 27 April 2001 with limited liability. On 12 November 2019, the shares were listed on the Main Board of the Stock Exchange. The registered address of the Company is located at Units 303 and 305 to 307, No. 15 Science Park West Avenue, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong. The principal activities of the Group are mainly research and development of pharmaceutical products.

The financial statements have been prepared under the historical cost convention, except for financial asset at fair value through profit or loss, which has been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except where otherwise indicated.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The above amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS17 and HKFRS9 — Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "***2020 Amendments***")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "***2022 Amendments***")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The directors of the Company anticipate that application of the new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Revenue from contract with a customer	*(i)*	**–**	25,913

Disaggregated revenue information

	2022 ***RMB'000***	2021 *RMB'000*
Type of goods or services		
Licence revenue	**–**	25,913
Geographical market		
Hong Kong	**–**	25,913
Timing of revenue recognition		
Licence revenue at a point in time	**–**	25,913

Note:

(i) On 16 September 2021, the Company entered into an exclusive licensing agreement with Everest Medicines II (HK) Limited ("**Everest**") to out-license the right to develop and commercialise Bruton's tyrosine kinase inhibitor ("**BTK**"), to Everest globally for the treatment of renal diseases relating to SN1011. On 21 December 2021, the Company received the non-refundable upfront payment according to the above agreement, and this upfront payment was recognised in the statement of profit or loss during the year ended 31 December 2021.

An analysis of other income and gains, net is as follows:

	2022	2021
	RMB'000	*RMB'000*
Other income and gains, net		
Gain on partial disposal of investment in an associate	**19,957**	–
Gain on fair value remeasurement of existing equity interest in the investee	**19,811**	–
Bank interest income	**9,582**	16,731
Government grants	**4,032**	744
Rental income	**1,057**	–
Fair value gain on financial instruments at fair value through profit or loss	**566**	1,344
Foreign exchange gain, net	**–**	9,877
Others	**112**	55
	55,117	28,751

The government grants mainly represent grants received from the local governments for supporting for research activities, clinical trials and employment. There were no unfulfilled conditions or contingences relating to these grants received during the year.

4. OTHER EXPENSES, NET

	2022	2021
	RMB'000	*RMB'000*
Foreign exchange loss, net	**61,894**	–
Impairment of non-current assets held for sale	**1,475**	–
Loss on disposal of items of property, plant and equipment	**1,442**	–
Fair value loss on financial liabilities at fair value through profit or loss	**903**	–
Others	**244**	235
	65,958	235

5. INCOME TAX

No Hong Kong profit tax has been made as the Company did not generate any assessable profit during the year (2021: Nil).

Under the Law of the PRC of Enterprise Income tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the estimated tax rate of the Group's PRC subsidiaries is 25% during the period presented in the consolidated financial statements. No PRC Enterprise Income tax was provided for as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the consolidated financial statements.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Deferred taxation had not been recognised on the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

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

The calculation of the basic loss per share is based on the consolidated loss for the year attributable to ordinary equity holders of the parent of RMB284,158,000 (2021: RMB288,194,000), and the weighted average number of ordinary shares of 991,956,078 (2021: 994,887,333) in issue during the year, as adjusted to exclude the shares held under the share award scheme of the Company.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2022 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented (2021: no potentially dilutive ordinary shares in issue).

The calculations of basic and diluted loss per share are based on:

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**284,158**	288,194

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year	**991,956,078**	994,887,333

7. DIVIDEND

No dividend was paid or declared by the Company during the years ended 31 December 2022 and 2021.

8. INVESTMENT IN AN ASSOCIATE

	2022	2021
	RMB'000	*RMB'000*
Goodwill on acquisition	**–**	15,091
Share of net assets	**–**	11,842
	–	26,933

On 7 December 2022, the Group entered into a share transfer agreement with an independent third party and sold its equity interests of 16,339,869 series pre-A1 preferred shares of D2M for an aggregate consideration of USD5,000,000 (RMB33,360,000). The Group's remaining equity interest in D2M was diluted to 7.68% comprising 11,440,131 series pre-A1 preferred shares. In the opinion of the directors, the Group is no longer able to exercise influence over D2M thereafter. Accordingly, the Group's investment in D2M was reclassified as a financial asset at fair value through profit or loss, as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. The carrying amount of the financial asset at fair value through profit or loss is disclosed in note 10.

9. OTHER NON-CURRENT ASSETS

Other non-current assets represent prepayments for purchases of property, plant and equipment mainly in relation to the construction of Suzhou production base primarily for the commercial-scale production of the core product SM03.

10. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Unlisted equity investment, at fair value	**30,476**	–

The above unlisted equity investment represented the Group's investment in 7.68% pre-A1 preferred shares of D2M and was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income (2021: Nil).

11. NON-CURRENT ASSET HELD FOR SALE

	2022	2021
	RMB'000	*RMB'000*
Land use right	**12,474**	–

In December 2022, the board of directors of the Company resolved to dispose a parcel of leased land. The disposal of the land use right is expected to complete in 2023. Therefore, the land use right was reclassified as non-current asset held for sale from right-of-use asset as of 31 December 2022.

12. OTHER PAYABLES AND ACCRUALS

	Note	2022 RMB'000	2021 RMB'000
Costs of construction and purchase of equipment payables		**94,014**	27,266
Other payables and accrued expenses	*(i)*	**35,920**	48,580
Payroll payable		**10,787**	7,457
Deferred revenue		**300**	1,550
Taxes other than corporate income tax		**569**	397
Amount due to a director		**–**	720
		141,590	85,970

Note:

(i) Other payables and accrued expenses are non-interest bearing and repayable on demand, or within 1 year.

13. INTEREST-BEARING BANK BORROWINGS

	Notes	2022 RMB'000	2021 RMB'000
Non-current bank borrowings:			
Unsecured bank borrowing	*(i)*	**117,434**	126,210
Secured bank borrowing	*(ii)*	**120,924**	67,567
		238,358	193,777
Current bank borrowings:			
Unsecured bank borrowings	*(i)*	**30,265**	5,000
Secured bank borrowing	*(ii)*	**156**	–
		30,421	5,000
		268,779	198,777
Bank loans repayable analysed into:			
Within one year		**30,421**	5,000
In the second year		**40,000**	10,000
In the third to fifth years, inclusive		**198,358**	137,567
Beyond five years		**–**	46,210
		268,779	198,777

Notes:

(i) In July 2019, the Group entered into an unsecured loan agreement with a reputable banking institution, which agreed to provide a credit facility of RMB200,000,000 for a term of nine years at a variable rate of interest equal to the Loan Prime Rate ("**LPR**") plus 0.25%, and the effective interest rate was 4.70% as of 31 December 2022 (2021: 4.90%). In February 2023, the Group entered into a supplementary agreement with the bank institution to lower the variable interest rate to the LPR minus 0.30% from the LPR plus 0.25%, and the effective interest rate was 4.0% on the effective date of supplementary agreement. As at 31 December 2022, the amount of utilised facilities was RMB137,433,545 (2021: RMB131,210,069).

In October 2021, the Group entered into an unsecured loan agreement with another reputable banking institution, which agreed to provide a credit facility of RMB50,000,000 for a term of three years. As at 31 December 2022, the amount of utilised facilities was RMB20,000,000 (2021: Nil) at a fixed interest rate of 3.30%.

(ii) In September 2021, the Group entered into a secured loan agreement with a reputable banking institution, which agreed to provide a credit facility of RMB500,000,000 for a term of ten years at a variable rate of interest equal to the People's Bank of China RMB Loan Prime Rate minus 0.30%, and the effective interest rate was 4.00% as of 31 December 2022 (2021: 4.35%). The bank loans borrowed by the Group are secured by the pledge of the Group's land use right, which had a net carrying value of approximately RMB14,957,000 at the end of the Reporting Period. As at 31 December 2022, the amount of utilised facilities was RMB120,924,355 (2021: RMB67,566,794).

14. SHARE CAPITAL

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid:		
1,034,920,400 (2021: 1,006,240,400) ordinary shares	**1,725,211**	1,679,126

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*
At 1 January 2021, 31 December 2021 and 1 January 2022	1,006,240,400	1,679,126
New shares issued	28,680,000	46,085
At 31 December 2022	1,034,920,400	1,725,211

PUBLICATION OF AUDITED CONSOLIDATED ANNUAL RESULTS AND 2022 ANNUAL REPORT ON WEBSITES OF STOCK EXCHANGE AND COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinomab.com). The 2022 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

CHANGE OF COMPANY SECRETARY

The Board hereby announces that Ms. CHAN Sze Ting ("**Ms. Chan**") has tendered her resignation as the company secretary of the Company with effect from 31 March 2023. Ms. Chan confirmed that there is no disagreement with the Board and there are no other matters relating to her resignation that need to be brought to the attention of the Stock Exchange or the shareholders of the Company.

The Board further announces that Ms. Chow Yuk Yin, Ivy ("**Ms. Chow**") has been appointed to replace Ms. Chan as the company secretary of the Company with effect from 31 March 2023. Ms. Chow is a corporate services director — tax services of PwC Corporate Services Limited. Ms. Chow is a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and an ordinary member of the Hong Kong Securities and Investment Institute.

The Board would like to take this opportunity to express its sincere gratitude to Ms. Chan for her valuable contribution to the Company during her tenure of service and also extend a warm welcome to Ms. Chow on her new appointment.

By order of the Board of
SinoMab BioScience Limited
Dr. Shui On LEUNG
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 20 March 2023

As at the date of this announcement, the executive Director is Dr. Shui On LEUNG, the non-executive Directors are Dr. Haigang CHEN, Mr. Xun DONG, Ms. Wenyi LIU, Ms. Jie LIU and Mr. Lei SHI and the independent non-executive Directors are Mr. George William Hunter CAUTHERLEY, Mr. Ping Cho Terence HON, Dr. Chi Ming LEE and Mr. Dylan Carlo TINKER.