This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

邁博藥業

Mabpharm Limited

迈博药业有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2181)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board of directors (the "**Board**" or "**Directors**") of Mabpharm Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2020 ("**Reporting Period**"), together with the comparative figures for the year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2020	2019	Change
	RMB'000	*RMB'000*	*(%)*
Other income	**32,237**	17,999	79.1
Other expenses	**–**	(4,127)	(100.0)
Other gains and losses	**(26,714)**	15,962	(267.4)
Research and development expenses	**(120,418)**	(134,189)	(10.3)
Administrative expenses	**(65,795)**	(62,952)	4.5
Finance costs	**(3,942)**	(7,695)	(48.8)
Listing expenses	**–**	(27,527)	(100.0)
Loss before tax	**(184,632)**	(202,529)	(8.8)
Income tax expense	**–**	–	–
Loss and total comprehensive expense for the year	**(184,632)**	(202,529)	(8.8)
Attributable to:			
Owners of the Company	**(184,632)**	(202,529)	(8.8)
	RMB	*RMB*	
Loss per share attributable to ordinary equity holders of the Company			
– Basic and diluted	**(0.04)**	(0.05)	(20.0)

	At December 31, 2020	At December 31, 2019	Change
	RMB'000	*RMB'000*	*(%)*
Non-current assets	**593,911**	441,338	34.6
Current assets	**569,126**	955,139	(40.4)
Current liabilities	**202,627**	270,334	(25.0)
Net current assets	**366,499**	684,805	(46.5)
Non-current liabilities	**78,925**	72,432	9.0
Net assets	**881,485**	1,053,711	(16.3)

CORPORATE PROFILE

We are a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. We strive to bring to market high quality and affordable innovative biologics through our efficient research and development ("**R&D**") system and low-cost pharmaceutical production capability, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience. Our pipeline of drug candidates currently consists of 9 monoclonal antibody drugs and one strong antibody drug, three of which are our core products:

✓ **CMAB008 (infliximab):** completed clinical trial and is currently under on-site examination by the PRC regulators for the new drug marketing application. It is expected to be approved for commercialization in the second quarter of 2021. CMAB008 has the most reliable curative effect in the field of inflammatory bowel disease treatment, and its application regimen is more suitable for Chinese patients. The completed research shows that CMAB008 has an outstanding safety profile which will allow the drug to have excellent market competitiveness. CMAB008 is expected to be directly admitted to the markets for treating, among others, (i) rheumatoid arthritis, (ii) adult and pediatric patients with Crohn's disease, (iii) patients with fistulizing Crohn's disease, (iv) ankylosing spondylitis, (v) psoriasis and (vi) adult patients with ulcerative colitis;

✓ **CMAB007 (omalizumab):** currently under phase III clinical trials and in the process of clinical data analysis and new drug application data collation. A new drug listing application for CMAB007 is expected to be submitted to the NMPA in the third quarter of 2021. Given that similar drugs have been approved overseas for urticaria and allergic rhinitis indications and are developing to address food allergy indications, we will expedite the clinical and registration work of CMAB007 for these indications to capture the huge allergic disease market demand in China.

✓ **CMAB009 (cetuximab):** currently under phase III clinical trials (together, the "**Core Products**").

Among our other drug candidates, our newly developed "strong antibody" drug CMAB017 has completed the pilot scale up and commenced animal experiments. The completed research results show that CMAB017 has promising efficacy and safety. In addition, we have commenced clinical trials for CMAB819 (nivolumab) and are currently acquiring a license to the global rights of CMAB807. CMAB807 is a type of denosumab which is undergoing phase III clinical trials for osteoporosis indications in China, and will apply for clinical trials for Tumor bone metastasis indications in different countries and/or regions including China in 2021. We have also developed CMAB022 (usnumab), a biosimilar drug, which has a good market prospect in the fields of psoriasis, ankylosing spondylitis and Crohn's disease.

We have strong in-house capabilities in pharmaceutical research, pre-clinical and clinical development, and manufacturing, and are building our sales and marketing team to prepare for the commercialization of our product candidates. We focus on the R&D of monoclonal antibodies. Our core R&D team members have more than 17 years of experience in this area, and have led three major projects under the "863" Program, among other national-level scientific research projects. In addition, one of our core R&D team members is also a member of the 11th Session of the Chinese Pharmacopoeia Commission.

We have substantially completed the construction of three new production lines in Taizhou in 2020, increasing our total cell reactor scale to 18,000 liters. The construction of plants in our new R&D and industrial base in Taizhou has also been substantially completed and it is expected that our total cell reactor scale will be further increased to above 40,000 liters in 2022. The solid equipment, technology and quality foundation we have in the field of antibody drug preparation will enable us to possess an excellent competitive advantage in future medical insurance and centralized procurement negotiations.

We believe that we are well positioned to seize China's substantial market opportunities, in particular those resulting from China's recent healthcare regulatory reforms, including new medical insurance measures. The primary focus of our R&D – monoclonal antibody drugs targeting cancers and autoimmune diseases – has substantial untapped clinical demand in China.

Further, during the rapid growth of the pharmaceutical market in China, the central procurement under the medical insurance that may be extended to cover biological drugs in the future and the increased effort in national negotiations on medical insurance will restructure the pharmaceutical market in China to a large extent. We will actively participate in the national medical reform with our advantages in terms of advanced technology, quality and cost and capture the opportunities presented during the policy reform so as to capture the huge unmet market demand in China. At the same time, we have also initiated our global market expansion and accelerated the registration and launching of our drugs in the international market.

Business Review

Research and development of our drug candidates

Set out below is an overview of our drug candidates and their R&D status as of December 31, 2020[1]:

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Autoimmune Disease	TNF α	Rheumatoid Arthritis	CMAB008 (INN name: Infliximab)	New Drug/ Core Product					New drug application submitted in Quarter 4, 2019	Quarter 2, 2021	PRC and overseas (excluding Japan, North America and Europe)	Remicade®, Humira®, Enbrel®, Simponi®, Yisaipu®, Anbainuo®
Respiratory Disease	IgE	Asthma	CMAB007 (INN name: Omalizumab)	New Drug/ Core Product					Pending listing application submission (Quarter 3, 2021)	Quarter 2, 2022	PRC and overseas (excluding Japan, North America and Europe)	Xolair®
Cancer	EGFR	Colorectal Cancer	CMAB009 (INN name: Cetuximab)	New Drug/ Core Product					Pending new drug application submission (Quarter 3, 2022)	Quarter 3, 2023	PRC and overseas (excluding Japan, North America and Europe)	Erbitux®
Cancer	PD1	Non-small cell lung cancer, hepatocellular carcinoma and squamous cell carcinoma of the head and neck	CMAB819 (INN name: Nivolumab)	New Drug					Phase III (Quarter 3, 2021)	Quarter 2, 2026	Global	Opdivo®, Keytruda®, Tyvyt®, JS001

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Cancer	HER2	Breast Cancer	CMAB810 (INN name: Pertuzumab)	Biosimilar					Phase III (Quarter 1, 2024)	Quarter 1, 2028	Global	Perjeta®
Cancer/ Autoimmune Disease	IL-1 β	Periodic Fever Syndromes/ Systemic Juvenile Idiopathic Arthritis/Lung cancer	CMAB816 (INN name: canakinumab)	Biosimilar					Phase III (Quarter 2, 2024)	Quarter 2, 2026	Global	ILaris®
Cancer	EGFR	KRAS wild-type colorectal cancer	CMAB017	Innovative drug					Phase III (Quarter 4, 2024)	Quarter 4, 2027	Global	Vectibix®
Autoimmune Disease	IL-17A	Plaque psoriasis, psoriatic arthritis and ankylosing spondylitis	CMAB015 (INN name: Secukinumab)	Biosimilar					Phase III (Quarter 4, 2022)	Quarter 4, 2025	Global	Cosenty®
Allergy, Inflammatory Disease	IL-5	Asthma and eosinophilic granulomatous polyangitis	CMAB018 (INN name: Mepolizumab)	Biosimilar					Phase III (Quarter 2, 2023)	Quarter 4, 2025	Global	Nucala®
New drug candidate developed after December 31, 2020												
Inflammatory Diseases	IL-12 & IL-23	Moderate to severe plaque psoriasis, psoriatic arthritis, active ankylosing spondylitis, active non-radiographic axial spondyloarthritis	CMAB022 (INN name: Ustekinumab)	Biosimilar					Phase III (Quarter 1, 2024)	Quarter 1, 2027	Global	Stelara®

Note:

1. The Company has announced that it plans to acquire CMAB807 as one of its drug candidates by way of licensing. CMAB807 is currently in the initial stage of phase III clinical trials for the indication of osteoporosis in China. If the acquisition is approved by the shareholders of the Company and is successfully completed, it is expected that we can apply for the listing and commercialization of the drug in the fourth quarter of 2022 which is expected to be approved in the fourth quarter of 2023.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: We may not be able to ultimately develop and market our drug candidates (including Core Products) successfully.

Core Product Candidates

CMAB008 (infliximab)

CMAB008 (infliximab), a recombinant anti-TNF-alpha chimeric monoclonal antibody, is our new drug candidate based on infliximab for moderate to severe active rheumatoid arthritis and is potentially one of the best in class of chimeric anti-TNF-alpha antibody in China. CMAB008 was the first NMPA approved chimeric anti-TNF-alpha antibody for clinical trial developed in China by a local Chinese company. CMAB008 uses the CHO expression system which reduces immunogenicity, according to our clinical results compared to published results of the currently marketed infliximab products. The safety and efficacy of CMAB008 have been confirmed by the results of completed clinical trials, which were the largest clinical trials of infliximab in China. Based on our clinical results compared to published clinical results of currently marketed infliximab products, we believe that CMAB008 is safer than, and as effective as, the marketed infliximab products for treatment of moderate to severe active rheumatoid arthritis as of December 31, 2020. The completed phase III head-to-head tests also show that CMAB008 and marketed infliximab products have similar safety and effectiveness.

Currently, we expect that CMAB008 may be approved by the NMPA for marketing at around the end of second quarter of 2021. During the Reporting Period, we have completed a head-to-head study versus the currently marketed infliximab product to confirm similar pharmacokinetic profile and immunogenicity of CMAB008 ("phase I comparative study CTR20200314 of CMAB008 and Infliximab for injection in healthy male volunteers featuring randomized, double-blind, parallel control, single-dose pharmacokinetics, safety and immunogenicity"). We expect CMAB008 will be granted admission to target multiple indications, (including (i) rheumatoid arthritis, (ii) adult and pediatric patients with Crohn's disease, (iii) patients with fistulizing Crohn's disease, (iv) ankylosing spondylitis, (v) psoriasis and (vi) adult patients with ulcerative colitis) and be included in the medical insurance drug list. Currently, we expect that CMAB008 may be approved by the NMPA for marketing at around the end of second quarter of 2021.

CMAB007 (omalizumab)

CMAB007 (omalizumab), a recombinant humanized anti-IgE monoclonal antibody, is our new drug candidate for treatment of asthma patients who remain inadequately controlled despite med/high dose of ICS plus LABA. As of December 31, 2020, CMAB007 was the only mAb asthma therapy developed in China by a local Chinese company that had reached phase III clinical trial, and we believe that, once approved by the National Medical Products Administration (the "**NMPA**"), it will be the first mAb asthma therapy developed by a local Chinese company marketed in China. CMAB007 combines with free IgE to form an anti-IgE complex that inhibits the high affinity IgE receptor and thereby prevents the allergic response. The safety and efficacy of CMAB007 have been confirmed by the results of two completed clinical trials of a total of 665 subjects, which were the largest clinical trials of mAb treating asthma in China. Based on our clinical trial results, CMAB007 can improve asthma patients' conditions with lower-dose inhaled corticosteroids and reduce the incidence of acute asthma attacks.

During the Reporting Period, CMAB007 was under phase III clinical trials for allergic asthma. As of December 31, 2020, we are at the closing stage of the clinic trials. The outbreak of pneumonia caused by SARS-CoV-2, being a respiratory disease, and the recent rebound of pandemic in Beijing and northeastern region of China had certain impact on our research and development in 2020. Based on the new regulations and technical guidelines introduced by the NMPA on new biological drugs, we are initiating a head-to-head phase I comparative study versus the currently marketed omalizumab products to confirm the similar pharmacokinetic profile and immunogenicity of CMAB007. It is expected that CMAB007 will expand its indications to chronic idiopathic urticaria and seasonal allergic rhintis in the future. We expect to file the drug marketing application with the NMPA in the third quarter of 2021 upon completion of clinical observation and data analysis of all cases. Currently, we expect that CMAB007 may be approved by the NMPA for marketing in the second quarter of 2022.

CMAB009 (cetuximab)

CMAB009 (cetuximab), a recombinant anti-EGFR chimeric monoclonal antibody, is our new drug candidate based on cetuximab for first-line treatment of metastatic colorectal cancer ("**mCRC**") in combination with FOLFIRI. CMAB009 is the first NMPA approved chimeric anti-EGFR antibody for clinical trial developed in China by a local Chinese company. CMAB009 uses the Chinese hamster ovary cell ("**CHO**") expression system, which is different from the mouse myeloma cell SP2/0 expression system used in marketed cetuximab product. The safety and efficacy of CMAB009 have been confirmed from the results of two completed clinical trials of a total of 530 subjects, which were the largest clinical trials of anti-EGFR mAb developed in China by a local Chinese company. Based on our clinical trial results compared to published clinical trial results for the currently marketed cetuximab products, CMAB009 significantly reduces immunogenicity and decreases the incidence of adverse reactions, such as severe hypersensitivity. We believe that CMAB009 is safer than, and as effective as, the currently marketed cetuximab drugs for treatment of mCRC.

During the Reporting Period, CMAB009 was under phase III clinical trials for colorectal cancer. The outbreak of SARS-CoV-2, being a respiratory disease, and the recent rebound of pandemic in Beijing and northeastern region of China had certain impact on our research and development in 2020. We expect to file the new drug marketing application with the NMPA in the third quarter of 2022 upon completion of clinical observation and data analysis of all cases. We are also preparing for clinical trials of other indications of CMAB009. Currently, we expect that CMAB009 may be approved by the NMPA for marketing in the third quarter of 2023.

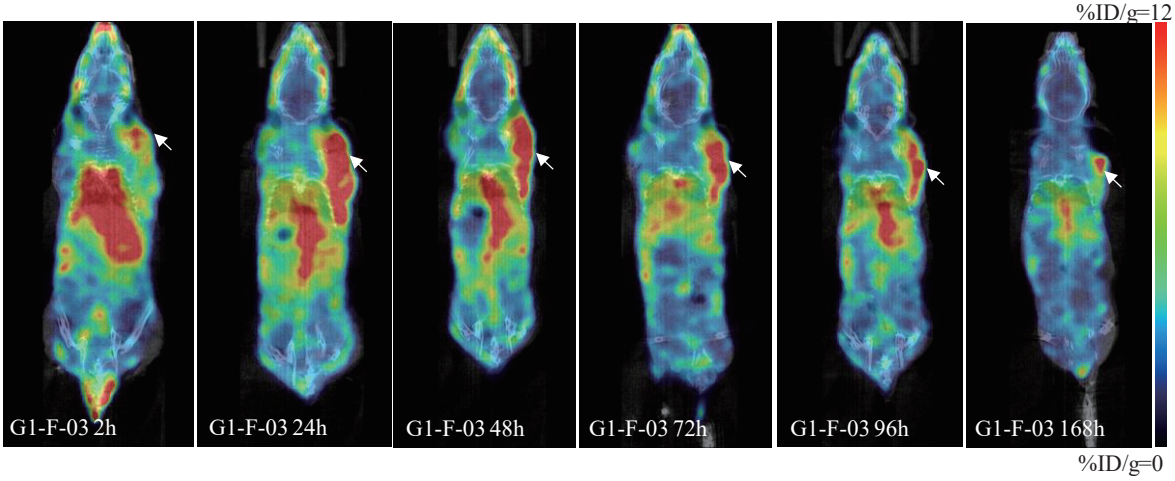
Other Product Candidates

CMAB819 (nivolumab) is our new drug candidate currently undergoing phase I clinical trial. CMAB819 was approved by the NMPA for clinical trial in September 2017. As of December 31, 2020, we have commenced the phase I clinical trial. We expect that CMAB819 may be approved by the NMPA for marketing in the second quarter of 2026. CMAB819 is indicated for the treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma and head and neck squamous cell carcinomas (HNSCC).

CMAB810 (pertuzumab) is our pre-clinical trial biosimilar drug candidate. The related screening processes, the establishment of a cell bank, and a lab-scale process for CMAB810 have been completed. We are carrying out preclinical animal experiments for CMAB810 and expect to apply for clinical trials in the fourth quarter of 2022. We expect that CMAB810 may be approved by the NMPA for marketing in the first quarter of 2028. CMAB810 is indicated for the treatment of breast cancer.

CMAB816 (canakinumab) is our pre-clinical trial biosimilar drug candidate. The related screening processes and the establishment of cell bank have been completed. It is expected to apply for clinical trials in the third quarter of 2022. We expect that CMAB816 may be approved by the NMPA for marketing in the second quarter of 2026. CMAB816 is indicated for the treatment of periodic fever syndrome and systemic juvenile idiopathic arthritis. Further, according to the latest research results, canakinumab can potentially reduce the incidence of lung cancer and lung cancer-related mortality rate.

CMAB017 is an innovative candidate in preclinical research stage and an innovative strong antibody drug. At present, the screening of high expression engineering cells and the establishment of engineering cell bank have been completed. The research on production process and formulation selection has been concluded. Results of the completed experimental study on tissue distribution of tumor-bearing mice show that CMAB017 concentrates locally in tumor 24-72 hours after administration. We expect to commence phase III clinical trial in the fourth quarter of 2024. We expect that CMAB017 may be approved by the NMPA for marketing in the fourth quarter of 2027. Regarding CMAB017, the design of blocking peptide is expected to significantly reduce adverse reactions of skin, gastrointestinal mucosa, etc. The selection of IgG1 constant region can enhance the effect mediated by Fc fragment of antibody and thus improve the curative effect. Based on the advantages of safety and curative effect, the cost of case medication is far lower than CMAB009, and it is expected that more new strong antibody drugs will be developed leveraging the research and development platform of CMAB017. CMAB017 is indicated for the treatment of KRAS wild-type colorectal cancer.



CMAB015 is a biosimilar candidate for secukinumab, which is under preclinical study. At present, the screening of high expression engineering cells and the establishment of engineering cell bank have been completed. The research on production process is in progress and it is expected that we will apply for clinical trial in the first quarter of 2022. We expect that CMAB015 may be approved by the NMPA for marketing in the fourth quarter of 2025. CMAB015 targets interleukin 17A (IL-17A) for treating plaque psoriasis, psoriatic arthritis and ankylosing spondylitis.

CMAB018 is a biosimilar candidate for mepolizumab, which is under preclinical study. At present, the screening of high expression engineering cells and the establishment of engineering cell bank have been completed, the research on production process is in progress and it is expected that we will apply for clinical trial in the second quarter of 2022. We expect that CMAB018 may be approved by the NMPA for marketing in the fourth quarter of 2025. CMAB018 targets interleukin 5 (IL-5) for treating severe asthma and eosinophilic granulomatous polyangiitis.

New Product Candidate developed/to be acquired after the Reporting Period

CMAB022 is a candidate biosimilar product of stelara® (ustekinumab). Ustekinumab is a monoclonal antibody targeting interleukin-12 (IL-12) and interleukin-23 (IL-23). It inhibits these two proinflammatory cytokines by binding to the P40 subunit shared by IL-12 and IL-23 and preventing them from binding to the cell surface IL-12 receptor β1. IL-12 and IL-23 are two natural proteins, which play a key role in immune-mediated inflammatory diseases, including plaque psoriasis, psoriatic arthritis and Crohn's disease,indications include: moderate to severe plaque psoriasis in adult patients who are candidates for systemic therapy or phototherapy; adults with active psoriatic arthritis (PsA); adults with active ankylosing spondylitis (AS); adults with active non-radiographic axial spondyloarthritis (nr-axSpA) with objective signs of inflammation. The pilot processes are developing. We expect to apply for clinical trials in the fourth quarter of 2022 and CMAB022 may be approved by the NMPA for marketing in the first quarter of 2027.

CMAB807 is a Denosumab, a human IgG2 monoclonal antibody with affinity and specificity for human RANKL (receptor activator of nuclear factor kappa-B ligand), which is a transmembrane or soluble protein essential for the formation, function, and survival of osteoclasts, the cells responsible for bone resorption. CMAB807 prevents RANKL from activating its receptor, RANK, on the surface of osteoclasts and their precursors. Prevention of the RANKL/RANK interaction inhibits osteoclast formation, function, and survival, thereby decreasing bone resorption and increasing bone mass and strength in both cortical and trabecular bone. The Company is in the course of acquiring a global perpetual license for CMAB807 which is subject to the approval from the shareholders of the Company. For further details regarding the acquisition of CMAB807, please refer to the announcement of the Company dated March 1, 2021, published on the websites of the Stock Exchange and the Company.

Research and development of new drug candidates

We have launched a series of follow-up R&D of new antibody drugs for the treatment of autoimmune diseases and/or tumor diseases. We expect to successfully complete the screening of several new antibody drugs, cell banking and even start pre-clinical animal experiments, thus further expand our product line and provide sufficient drug candidate pipeline expansion for our long-term development.

Taking into account China's antibody drug market environment and the Company's having made substantial research and development progress in new-generation drugs with better efficacy and more promising results, the Company has licensed all rights of CMAB809 to a third party and suspended the research and development of CMAB813. At the same time, in view of the implementation of large-scale COVID-19 vaccination programmes world-wide and China's effective control of the pandemic, we have also suspended the CMAB020 project due to economic considerations in December 2020.

Research and development system

We have developed efficient R&D capabilities, broad and advanced preparation technologies, and low-cost drug production capabilities that will allow us to offer high quality and affordable innovative biopharmaceutical products to patients in China and other emerging markets. Within our product pipeline, we currently have three Core Products, CMAB008 will soon be listed and commercialized, CMAB007 is close to completing the clinical trial and will apply to be listed soon while CMAB009 is under phase III clinical development. Further, one drug product is under phase III clinical trial and another one will commence phase three clinical trials soon. We also own a number of patents for our core technologies, including antibody engineering and humanization technologies, efficient expression vector construction technologies, efficient clone screening technologies, as well as a proprietary R&D animal model. Our R&D activities are carried out by three core teams: basic R&D, clinical trials, and industrialized good manufacturing practices ("**GMP**"). The operations, design, and construction needs of these three core teams are supported by an assisting engineering team. Our R&D teams consist of professionals who have extensive industry experience in biologics R&D and have gained valuable work experience at global pharmaceutical companies. Employees in our R&D teams possess strong academic background from leading institutions in immunology, molecular biology, oncology or monoclonal antibody development.

DRUG CANDIDATES COMMERCIALIZATION AND PRODUCTION FACILITIES CONSTRUCTION

Existing production facilities

Our production site in Taizhou has two buildings of 30,000 square meters in total and houses our mAb production facilities. The two buildings are equipped with production facilities currently in operation, including (i) four 3×1,500L antibody bioreactor systems and related purification lines (three of which were constructed and commenced operation in 2020), (ii) an injection vial filling line capable of manufacturing four million units per annum and (iii) a pre-filled syringes production line capable of manufacturing one million units per annum. We have not commenced commercial manufacturing at our production facilities.

Construction of new production facilities

We constructed new production facilities on the parcel of industrial land of approximately 100,746 square meters in Taizhou Hi-tech Zone. Our expansion plan includes the construction of (i) large-scale monoclonal antibody drug substance production lines with scale of each cell reactor reaching 7,500L and 18,000L, respectively, and (ii) two drug product filling lines which have commenced construction and completed the construction of the plant, design and purchase of key equipment and is expected to be put into trial operation in the middle of 2022.

Marketing and distribution

Further, during the rapid growth of the pharmaceutical market in China, the central procurement under the medical insurance that may be extended to cover biological drugs in the future and the increased effort in national negotiations on medical insurance will restructure the pharmaceutical market in China to a large extent. We will actively participate in the national medical reform with our advantages in terms of advanced technology, quality and cost and capture the opportunities presented during the policy reform so as to capture the huge unmet market demand in China. At the same time, we have also initiated our global market expansion and accelerated the registration and launching of our drugs in the international market.

We are in the process of building our sales and marketing strategy. Our marketing strategies to focus on precision marketing through academic promotion and center around increasing knowledge and awareness of the clinical benefits of our pharmaceuticals among medical professionals. We intend to focus on hospitals with potential clinical demand for our products as our primary customer base. We intend to continue to communicate frequently with major hospitals in China to understand the hospitals and their doctors' academic views on antibody drugs and patient demands. We also intend to continue to meet industry experts regularly to understand industry trends. We will continue to participate in academic conferences, seminars and symposia, which include large-scale national and provincial conferences organized by the Chinese Medical Association or its local chapters, as well as smaller events tailored to specific cities and hospital departments to promote our brand awareness.

Half of our current core sales team members have over a decade of experience in sales and management of antibody drugs, including the first antibody drug produced by a local Chinese company marketed in China. Our sales team has maintained direct relationships with hospitals through its participation in and support of our clinical trials. In anticipation of the launch of our products, we have been expanding our sales and marketing force. In line with our sales and marketing strategy, we will focus on the recruitment of sales and marketing personnel who has notable academic profile in medicine and pharmacy, and who has over three years' clinical experience in therapeutic areas of cancers and autoimmune diseases. We expect to implement certain procedures to ensure that our academic promotion and general marketing efforts are in compliance with applicable laws and regulations.

We expect to sell our products to (i) distributors that sell our products to hospitals and (ii) direct-to-patient pharmacies and others. We plan to build our network of distributors when our products are approved by the NMPA for commercialization. We anticipate that our distribution model will be consistent with customary industry practice and serves to ensure efficient coverage of our sales network while controlling our cost of distribution and account receivables. We intend to select our distributors based on their qualifications, reputation, market coverage and sales experience. To distribute our products in the future, a distributor must maintain its business license and other requisite licenses and permits. A distributor must also maintain extensive hospital coverage in the designated region. A distributor must be capable of delivering our products to covered hospitals in a safe and timely manner. We plan to actively monitor the inventory levels of our distributors to increase the efficiency of our distribution network.

Quality assurance

We believe that an effective quality management system for our raw materials, equipment and finished products is critical to ensure the quality of our services and maintain our reputation and success. To ensure that our products and services consistently meet high industry standards and requirements, we have also established a company-level quality assurance department to inspect the quality of our products and services. It is also responsible for the approval, organization and coordination of quality control and quality assurance procedures within each subsidiary. Facilities and equipment are subject to inspection measures such as united registrar systems, factory acceptance testing, site acceptance testing, installation qualification, operator qualification, performance qualification, and regular maintenance throughout their entire life cycles. Our manufacturing business lines are inspected in accordance with the PRC national laboratory quality control standard and the GMP management requirements; our research and development business lines are also inspected in accordance with the GMP management requirements.

FUTURE AND OUTLOOK

We leverage on our efficient sales system with a focus on niche market to capture the opportunities presented in the pharmaceutical reform in China.

Under the implementation of the new medical insurance policy in recent years, the pharmaceutical market in China is undergoing significant market restructuring. Companies with more competitive advantage in terms of quality and pricing have benefited greatly from the negotiations on medical insurance price between the National Healthcare Security Administration and regional healthcare security administrative bodies at all levels and negotiations in relation to central procurement for drugs covered under the medical insurance. As a result, the overall market penetration has increased significantly during the reformation. This trend will drive the development of the pharmaceutical market in China for a long time in the future. Riding on the trend of the overall pharmaceutical policy reform, we will build a sales team in China with high efficiency and academic promotion as its core strategy, focusing on niche markets, such as gastroenterology, respiratory, rheumatology and oncology, with an aim to promote our products and cultivate the practice of antibody drugs application. We will actively monitor, and participate in, the negotiations of medical insurance, especially focusing on capturing the huge potentials brought by the negotiations of central procurement for biological products under the medical insurance. Relying on the significant advantages of our drugs in terms of quality and cost, we will capture the opportunity presented in the significant increase in market penetration caused by the policy reform, effectively satisfy the unmet market demand in China in respect of biological agents with high quality products and ultimately benefiting patients.

The antibody drugs development in overseas markets has shown a rapid increase resulting in a huge unmet global market demand for antibody drugs especially for those with PIC/s as the core. In light of the policy reform in China, the economies of scale of antibody drugs will greatly enhance the global competitiveness of Chinese antibody drugs. In view of this, we will work closely with our overseas market expansion partners to initiate new drug registration and launching new drugs in different countries and regions in a comprehensive and flexible manner with multiple products, with an aim to promote our products' global presence and accelerate their growth in the global market.

Continue to advance the clinical research and commercialization of our drug candidates

Over the short-term, we intend to focus on completing clinical trials and the eventual commercialization of our current pipeline of drug candidates, particularly our Core Products, CMAB007, CMAB009 and CMAB008. To bring our Core Products to market, we aim to reinforce our R&D teams, particularly the clinical medicine team, through the provision of regular professional training and pushing ahead with the clinical trials for CMAB007, CMAB009 and CMAB008. We are also in the process of establishing a sales team consisting of staff with strong academic promotion experience and capabilities. Our goal is to generate stable revenue and profits in the future by creating our own sales team in China and strengthening our commercialization capabilities by further building our sales team.

Continue to maintain investments in advanced technologies and product development

We believe R&D is the key element to support our future growth and our ability to maintain our competitiveness in a global biopharmaceutical market. We plan to upgrade the development of our integrated technological platforms from molecular design to commercialized production, and focus on the R&D of biologics with huge clinical demand and the potential for sustained and rapid growth in China. In order to capture new opportunities in the biopharmaceutical market, we plan to continue increasing our investment into innovative technologies for the development of drugs with improved curative effects and less toxic side effects in order to maintain our industry leading position. We also expect to invest in talent to expand and enhance our R&D team.

Continue to attract and nurture high quality talent to support our rapid growth

Recruiting and retaining high quality scientific and technological talent as well as other leaders in R&D technology will be key to our success. We plan to leverage our close cooperation with elite universities in China and internationally to recruit and develop outstanding R&D personnel. We also plan to provide systematic and sophisticated training and development programs to our research teams in order to enhance and optimize their scientific and technical abilities to benefit our Company. Part of this strategy involves the creation of an incentive scheme to retain and motivate high-performing team members.

Establish global brand awareness and foster deeper and more extensive cooperative relationship with domestic and overseas renowned pharmaceutical companies

To build our brand internationally and to support our sustainable growth, we plan to in-license products from global pharmaceutical companies for sales in China and/or to transfer or out-license overseas product rights of certain of our drug candidates to other pharmaceutical companies. We may also consider developing collaborative partnerships with global pharmaceutical companies in order to enter and expand our market share in markets outside of China and to further broaden the geographic coverage of our business. As part of this strategy, we may take advantage of strategic opportunities for merger and acquisition internationally to expand our pipeline of products for R&D development and sales in overseas markets.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the consolidated financial information for the year ended December 31, 2020 with comparative figures for the corresponding period in the previous year, which has been reviewed by the audit committee of the Company ("**Audit Committee**").

FINANCIAL REVIEW

The following table summarizes our results of operations for the year ended December 31, 2020 and 2019:

	For the year ended December 31,			
	2020	2019	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Other income	**32,237**	17,999	14,238	79.1
Other expenses	**–**	(4,127)	4,127	(100.0)
Other gains and losses	**(26,714)**	15,962	(42,676)	(267.4)
Research and development expenses	**(120,418)**	(134,189)	13,771	(10.3)
Administrative expenses	**(65,795)**	(62,952)	(2,843)	4.5
Finance costs	**(3,942)**	(7,695)	3,753	(48.8)
Listing expenses	**–**	(27,527)	27,527	(100.0)
Loss before tax	**(184,632)**	(202,529)	17,897	(8.8)
Income tax expense	**–**	–	–	–
Loss and total comprehensive expense for the year	**(184,632)**	(202,529)	17,897	(8.8)
Attributable to:				
Owners of the Company	**(184,632)**	(202,529)	17,897	(8.8)
	RMB	*RMB*		
Loss per share attributable to ordinary equity holders of the Company				
– Basic and diluted	**(0.04)**	(0.05)	0.01	(20.0)

OTHER INCOME

Other income of the Group increased by 79.1% from approximately RMB18.0 million for the year ended December 31, 2019 to approximately RMB32.2 million for the year ended December 31, 2020, which was primarily due to the significant increase in subsidies received from the government and bank interest income during the Reporting Period.

Set out below are the components of other income for the periods indicated:

	For the year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**9,458**	3,925
Government grants and subsidies related to income	**22,779**	9,013
Income from sale of raw materials	**–**	5,061
	32,237	17,999

OTHER EXPENSES

Other expenses of the Group decreased by 100% from approximately RMB4.1 million for the year ended December 31, 2019 to nil for the year ended December 31, 2020, as we have not sold any raw materials to external parties during the Reporting Period, hence, no corresponding costs were incurred.

OTHER GAINS AND LOSSES

Other gains and losses of the Group decreased by 267.4% from approximately RMB16.0 million gains for the year ended December 31, 2019 to approximately RMB26.7 million losses for the year ended December 31, 2020, which was primarily due to the foreign exchange losses resulted from the depreciation of U.S. dollars and Hong Kong dollars against RMB.

Set out below are the components of other gains and losses for the periods indicated:

	For the year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(31,902)**	15,962
Others	**5,188**	–
	(26,714)	15,962

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of pipelines of the Group decreased by 10.3% from approximately RMB134.2 million for the year ended December 31, 2019 to approximately RMB120.4 million for the year ended December 31, 2020. The decrease was mainly because we have completed the clinical trail for CMAB008 and almost completed case recruitment for CMAB007 by the end of 2019, which resulted in the decrease in contracting costs and raw materials.

The Group's research and development expenses mainly include contracting costs, raw materials and consumables, staff costs and depreciation and amortization.

Set out below are the components of research and development expenses for the periods indicated:

	For the year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Contracting costs	**46,797**	55,361
Raw materials and consumables	**20,724**	25,092
Staff Cost	**35,899**	34,241
Depreciation and amortization	**8,799**	7,824
Others	**8,199**	11,671
Total	**120,418**	134,189

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group slightly increased by 4.5% from approximately RMB63.0 million for the year ended December 31, 2019 to approximately RMB65.8 million for the year ended December 31, 2020. All major administrative expenses incurred during the Reporting Period remained relatively stable.

Administrative expenses of the Group primarily comprise of staff salary and benefit costs of our non-R&D personnel, utilities, rental and general office expenses, depreciation and agency and consulting fees.

Set out below are the components of administrative expenses for the periods indicated:

	For the year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Staff Cost	**32,237**	34,418
Building rental fees	**104**	22
Depreciation	**14,998**	14,373
Others	**18,456**	14,139
Total	**65,795**	62,952

FINANCE COSTS

Finance costs of the Group decreased by 48.8% from approximately RMB7.7 million for the year ended December 31, 2019 to approximately RMB3.9 million for the year ended December 31, 2020, which was primarily due to the repayment of all bank loans by the Group and there is no loan granted from related parties during the Reporting Period.

The Group's finance costs mainly include interests on bank loans and lease liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balances decreased by 17.6% from approximately RMB588.7 million at December 31, 2019 to approximately RMB484.8 million at December 31, 2020 as the Group has invested the funds into the operation and development of the Group as planned.

Current pledged bank deposits decreased by 98.5% from approximately RMB130.0 million as at December 31, 2019 to RMB2.0 million as at December 31, 2020, which was primarily attributable to the timely repayment of borrowed loans by the Group in accordance with the relevant agreement, leading to the release of the pledged bank deposits.

Set out below is an analysis of the liquidity and capital resources at the dates indicated:

	At December 31,		
	2020	2019	Change
	RMB'000	*RMB'000*	*(%)*
Current Assets			
Prepayments and other receivables	**31,673**	21,904	44.6
Inventories	**33,427**	22,224	50.4
Contract costs	**16,769**	13,240	26.7
Pledged bank deposits	**2,000**	129,891	(98.5)
Time deposit	**–**	179,160	(100.0)
Rental deposit to a related party	**411**	–	–
Cash and bank balances	**484,846**	588,720	(17.6)
Total	**569,126**	955,139	(40.4)

INDEBTEDNESS

Borrowings

As of December 31, 2020, we had insignificant amount of non-trade amount due to a related party and had lease liabilities of approximately RMB40.3 million. As of the same date, none of our existing indebtedness included any material covenants or covenants that could potentially limit our ability to incur new indebtedness.

Set out below is a breakdown of our outstanding borrowings, non-trade amount due to a related party and lease liabilities at the dates indicated:

	At December 31,	
	2020	2019
	RMB'000	*RMB'000*
Unsecured and unguaranteed amount due to Biomabs	**21**	2,431
Lease liabilities	**40,348**	42,418
Secured borrowings from the bank	**–**	63,205

As at December 31, 2020, we, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements (excluding our contingent rental agreements) in an aggregate amount of approximately RMB40.3 million.

As at December 31, 2020, we have repaid in cash all principal and corresponding interests to the bank.

CONTINGENT LIABILITIES, CHARGE OF ASSETS AND GUARANTEES

As at December 31, 2020, the Group had current pledged bank deposits of RMB2 million, which were pledged to a bank as collateral for the issue of a payment guarantee for a construction contract.

Save as disclosed, the Group did not have any other outstanding debt securities, charges, mortgages, or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are guaranteed, unguaranteed, secured or unsecured, any guarantees or other material contingent liabilities.

CAPITAL STRUCTURE

There were no changes in the capital structure of the Group during the Reporting Period. The share capital of the Group only comprises ordinary shares. As at December 31, 2020, the total issued share capital of the Company was US$412,408 divided into 4,124,080,000 shares.

The capital structure of the Group was 24.2% debt and 75.8% equity as at December 31, 2020, compared with 24.5% debt and 75.5% equity as at December 31, 2019.

FOREIGN EXCHANGE

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and the U.S. dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars and the U.S. dollars, has been based on rates set by the People's Bank of China. The Group primarily limits our exposure to foreign currency risk by closely monitoring the foreign exchange market. During the Reporting Period, the Group did not enter into any currency hedging transactions.

GEARING RATIO

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2020, the gearing ratio of the Group was 24.2% (as at December 31, 2019: 24.5%).

The following table sets forth our other key financial ratios as of the dates indicated.

	At December 31,	
	2020	2019
Current ratio [(1)]	**2.8**	3.5
Quick ratio [(2)]	**2.6**	3.5

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

Our current ratio decreased from 3.5 as of December 31, 2019 to 2.8 as of December 31, 2020, and our quick ratio decreased from 3.5 as of December 31, 2019 to 2.6 as of December 31, 2020, primarily due to a significant portion of the Company's funds being used for operation and development of the Group according to the respective intended purposes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Other income	*5*	**32,237**	17,999
Other expenses		**–**	(4,127)
Other gains and losses	*6*	**(26,714)**	15,962
Research and development expenses		**(120,418)**	(134,189)
Administrative expenses		**(65,795)**	(62,952)
Finance costs	*8*	**(3,942)**	(7,695)
Listing expenses		**–**	(27,527)
Loss before tax	*7*	**(184,632)**	(202,529)
Income tax expense	*9*	**–**	–
Loss and total comprehensive expense for the year		**(184,632)**	(202,529)
Attributable to:			
Owners of the Company		**(184,632)**	(202,529)
Loss per share attributable to ordinary equity holders of the Company	*11*		
– Basic		**RMB (0.04)**	RMB (0.05)
– Diluted		**RMB (0.04)**	RMB (0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
Non-current assets			
Plant and equipment		**438,408**	255,049
Right-of-use assets	*12*	**74,209**	77,346
Other non-current assets		**81,294**	85,415
Rental deposit to a related party		**–**	411
Pledged bank deposits		**–**	23,117
Total non-current assets		**593,911**	441,338
Current assets			
Prepayments and other receivables	*13*	**31,673**	21,904
Inventories		**33,427**	22,224
Contract costs		**16,769**	13,240
Pledged bank deposits		**2,000**	129,891
Time deposit		**–**	179,160
Rental deposit to a related party		**411**	–
Cash and bank balances		**484,846**	588,720
Total current assets		**569,126**	955,139
Current liabilities			
Trade and other payables	*14*	**113,297**	128,119
Amount due to a related party		**75**	2,538
Lease liabilities to third parties	*12*	**4,146**	2,823
Lease liability to a related party	*12*	**4,386**	4,472
Contract liabilities		**70,058**	58,662
Bank borrowings	*15*	**–**	63,205
Deferred income		**10,665**	10,515
Total current liabilities		**202,627**	270,334
Net current assets		**366,499**	684,805
Total assets less current liabilities		**960,410**	1,126,143

	Notes	2020 *RMB'000*	2019 *RMB'000*
Non-current liabilities			
Deferred income		**47,109**	37,309
Lease liabilities to third parties	*12*	**31,816**	30,737
Lease liability to a related party	*12*	**–**	4,386
Total non-current liabilities		**78,925**	72,432
Net assets		**881,485**	1,053,711
Capital and reserves			
Share capital	*16*	**2,804**	2,804
Reserves		**878,681**	1,050,907
Total equity		**881,485**	1,053,711

NOTES:

1. CORPORATE AND GROUP INFORMATION

Mabpharm Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2018, and its shares are listed on The Stock Exchange of Hong Kong Limited on 31 May 2019. The address of the registered office is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands and the principal place of business is located at Block G79, Lujia Road East, Koutai Road West, China Medical City, Taizhou, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in research, development and production of monoclonal antibody drugs for cancers and autoimmune diseases and transfer of intellectual property.

The immediate holding company of the Company is Asia Mabtech Limited, a limited liability company incorporated in the British Virgin Islands, which is ultimately controlled by Mr. Guo Jianjun.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Taizhou Mabtech Pharmaceutical Limited ("**Taizhou Pharmaceutical**") (泰州邁博太科藥業有限公司)*	PRC/Mainland China	US$120,000,000	–	100%	Research and development, technical consulting, technology transfer and technical services of biological products, diagnostic reagents, chemical biological reagents and drugs
Taizhou Mabtech Biotechnology Limited ("**Taizhou Biotech**") (泰州邁博太科生物技術有限公司)*	PRC/Mainland China	US$80,000,000	–	100%	Technology development in the field of biomedical science and technology
Shanghai Shengheng Biotechnology Limited ("**Shengheng Biotech**") (上海晟珩生物技術有限公司)	PRC/Mainland China	RMB30,000,000	–	100%	Research and development, technical consulting, technology transfer and technical services of biological products, diagnostic reagents, chemical biological reagents and drugs

* These entities are registered as a wholly-foreign-owned enterprises under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all IFRSs, International Accounting Standards ("**IASs**") and interpretations) issued by the International Accounting Standards Board (the "**IASB**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*[5]
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*[6]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6 Effective for annual periods beginning on or after 1 June 2020

These new and revised IFRSs are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Segment information

For the purpose of resources allocation and performance assessment, the key management of the entities and business comprising the Group, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

The Group did not record any revenue during the year ended 31 December 2020 and the Group's non-current assets are substantially located in the PRC, accordingly, no *geographical information* in accordance with IFRS 8 *Operating Segments* is presented.

4. REVENUE

Intellectual property transfer agreements with customers

In January 2017, the Group entered into an agreement with a third-party customer for transferring of an intellectual property in relation to CMAB806, at a consideration of RMB65,180,000 and further increased to RMB82,180,000 pursuant to two supplementary agreements signed in September 2019 and February 2020 (collectively named "**Intellectual Property Transfer Agreement on CMAB806**"), while RMB70,058,000 has been received as at 31 December 2020. The Group did not recognise revenue from this contract during the reporting period since the control of rights of the intellectual property had not been transferred to the customer. The research and development cost incurred on this intellectual property before the Group entered into the Intellectual Property Transfer Agreement on CMAB806 with the customer were all charged to profit or loss. While, after the inception of the Intellectual Property Transfer Agreement on CMAB806, the cost incurred to fufill this contract, amounting to RMB16,769,000 and RMB13,240,000 at 31 December 2020 and 2019, respectively, were capitalised as cost to fulfil the contract and were included in contract costs in the consolidated statement of financial position.

In December 2020, the Group entered into an agreement with a third-party customer for transferring of an intellectual property in relation to CMAB809, at a consideration of RMB50,000,000 ("**Intellectual Property Transfer Agreement on CMAB809**"). The Group did not recognise revenue from this contract during the reporting period since the control of rights of the intellectual property had not been transferred to the customer and no cost incurred to fulfil this contract as at 31 December 2020.

The amount of transaction prices allocated to the unsatisfied performance obligation as at 31 December is as follows:

	2020	2019
	RMB'000	*RMB'000*
Amount expected to be recognised as revenue:		
Within one year	**132,180**	65,680

5. OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Bank interest income	**9,458**	3,925
Government grants and subsidies related to income	**22,779**	9,013
Income from sale of raw materials	**–**	5,061
	32,237	17,999

6. OTHER GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange (losses)/gains	**(31,902)**	15,962
Others	**5,188**	–
	(26,714)	15,962

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/ (crediting):

	2020	2019
	RMB'000	*RMB'000*
Depreciation for plant and equipment	**16,280**	14,548
Depreciation for right-of-use assets	**8,117**	7,682
Write-down of inventories to net realisable value	**23**	272
Staff cost (including directors' emoluments):		
– Independent non-executive directors' fee	**321**	189
– Salaries and other benefits	**57,682**	47,908
– Pension scheme contributions	**731**	4,653
– Share-based payment expenses	**12,406**	13,844
– Consultation fee	**533**	510
	71,673	67,104
Auditors' remuneration	**2,683**	3,043
Short-term lease payment	**104**	22
Government grants and subsidies related to income	**(22,779)**	(9,013)
Cost of inventories recognised as expense (included in research and development expense)	**20,724**	25,092

8. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on related party loans	**–**	1,639
Interest on bank loans	**1,236**	3,056
Interest on lease liabilities	**2,706**	3,000
	3,942	7,695

9. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from income tax.

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profits tax during the year.

Under the Law of the PRC of Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% throughout the reporting period.

Taizhou Pharmaceutical was accredited as a "High and New Technology Enterprise" in November 2018 and therefore is entitled to a preferential tax rate of 15% for a three-year period since 2018. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authority in the PRC for every three years and Taizhou Pharmaceutical should self-evaluate whether it meets the criteria of High and New Technology Enterprise each year. After self-evaluation, the estimated EIT rate of Taizhou Pharmaceutical for the year ended 31 December 2020 was 15%. For the year ended 31 December 2019, the Group's management was in a view that Taizhou Pharmaceutical failed to meet the criteria of High and New Technology Enterprise and therefore the tax rate of Taizhou Pharmaceutical was 25% for the year ended 31 December 2019.

Pursuant to Caishui [2018] circular No. 76, Taizhou Pharmaceutical can carry forward its unutilised tax losses for up to ten years. This extension of expiration period applies to all the unutilised tax losses that were carried forward by Taizhou Pharmaceutical at the effective date of the tax circular.

Pursuant to the relevant EIT Laws, Taizhou Pharmaceutical enjoyed super deduction of 175% on qualifying research and development expenditures during the years ended 31 December 2020 and 2019.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the countries (or jurisdictions) in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2020	2019
	RMB'000	*RMB'000*
Loss before tax	**(184,632)**	(202,529)
Income tax expense calculated at 25%	**(46,158)**	(50,632)
Effect of different tax rates of subsidiaries operating in other jurisdictions and enacted by local authority	**17,169**	3,670
Tax effect of expenses not deductible for tax purpose	**3,497**	5,041
Effect of research and development expenses that are additionally deducted	**(10,080)**	(15,711)
Tax effect of tax losses and deductible temporary differences not recognised	**35,572**	57,632
Income tax credit recognised in profit or loss	**–**	–

The Group has unused tax losses of RMB502,428,000 available for offset against future profits as of 31 December 2020 (2019: RMB322,142,000). The tax losses of the entity will expire in one to ten years for offsetting against taxable profits of the companies in which the losses arose. The Group had deductible temporary differences of RMB85,390,000 at 31 December 2020 (2019: RMB54,300,000), which are mainly related to deferred income and accrued expenses.

Deferred taxation had not been recognised on the unused tax losses and deductible temporary differences since it is not probable that the taxable profits will be available against which the tax losses and deductible temporary differences can be utilised in the foreseeable future.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	2020	2019
	RMB'000	*RMB'000*
Loss attributable to ordinary equity holders of the Company for the purpose of calculating basic and diluted loss per share	**(184,632)**	(202,529)

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**4,124,080**	3,802,061

The calculation of the basic and diluted loss per share amounts for the year ended 31 December 2019 was based on the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Capitalisation Issue had been in effect on 1 January 2019.

The calculation of diluted loss per share for the year ended 31 December 2020 and 2019 did not assume the exercise of the pre-IPO share options since its inclusion would be anti-dilutive.

12. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owner with lease period of 50 years, and no ongoing payments will be made under the terms of the land lease. Leases of buildings generally have lease terms between 2 and 18 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	**Buildings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	–	42,611	42,611
Additions	38,173	–	38,173
Lease modification	–	4,244	4,244
Depreciation charge	(771)	(6,911)	(7,682)
As at 31 December 2019 and 1 January 2020	37,402	39,944	77,346
Additions	–	4,980	4,980
Depreciation charge	(771)	(7,346)	(8,117)
As at 31 December 2020	36,631	37,578	74,209

(b) Lease liabilities to third parties

The carrying amount of lease liabilities to third parties and the movements during the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
Carrying amount at 1 January	**33,560**	35,062
New lease	**4,980**	–
Lease modification	**–**	310
Accretion of interest recognised during the year	**2,275**	2,342
Payments	**(4,769)**	(4,154)
Exchange gain	**(84)**	–
Carrying amount at 31 December	**35,962**	33,560
Analysed into:		
Current portion	**4,146**	2,823
Non-current portion	**31,816**	30,737

(c) Lease liability to a related party

The carrying amount of lease liability to a related party and the movements during the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
Lease liability to Biomabs *(note):*		
Carrying amount at 1 January	**8,858**	8,778
Lease modification	**–**	3,934
Accretion of interest recognised during the year	**431**	658
Payments	**(4,903)**	(4,512)
Carrying amount at 31 December	**4,386**	8,858
Analysed into:		
Current portion	**4,386**	4,472
Non-current portion	**–**	4,386

Note: Biomabs is ultimately controlled by a close family member of the controlling shareholder.

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on lease liabilities to third parties	**2,275**	2,342
Interest on lease liability to a related party	**431**	658
Depreciation for right-of-use assets	**8,117**	7,682
Expense relating to a short-term lease	**104**	22
Total amount recognised in profit or loss	**10,927**	10,704

13. PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Other receivables	**1,224**	1,616
Prepayments for research and development services	**11,177**	11,780
Interest receivables	**–**	3,437
Other deposits and prepayments	**4,185**	3,239
VAT recoverable *(note)*	**15,087**	1,832
	31,673	21,904

Note: VAT recoverable is presented in prepayments and other receivables and other non-current assets based on the management's estimation of the amount of VAT recoverable to be utilised within one year.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

14. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**4,466**	4,401
Accrued expenses for research and development services	**25,334**	23,902
Other payables for purchases of plant and equipment	**54,088**	62,116
Salary and bonus payables	**11,185**	9,645
Other taxes payable	**594**	514
Accrued listing expenses and issue costs	**10,646**	23,288
Other payables	**6,984**	4,253
	113,297	128,119

Payment terms with suppliers are mainly on credit with 60 days from the time when the goods and/or services are received from the suppliers. The ageing analysis of the trade payables presented based on the receipt of goods/services by the Group at the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 60 days	**2,997**	2,459
Over 60 days but within 1 year	**1,469**	1,942
	4,466	4,401

15. BANK BORROWINGS

	2020			2019		
	Effective Interest rate			Effective Interest rate		
	(%)	**Maturity**	***RMB'000***	*(%)*	Maturity	*RMB'000*
Current						
Bank borrowings – secured	**–**	**–**	**–**	5.655	2020	63,205

	2020	2019
	RMB'000	*RMB'000*
Analysed into:		
Bank borrowings repayable:		
Within one year on demand	**–**	63,205

The bank borrowings as at 31 December 2019 were secured by a leasehold land of RMB37,402,000 and a pledged bank deposit of RMB129,891,000.

16. SHARE CAPITAL

	2020	2019
	RMB'000	*RMB'000*
Issued and fully paid:		
4,124,080,000 (2019: 4,124,080,000) ordinary shares	**2,804**	2,804

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 2019	75,000,000	51
Issue of shares pursuant to Capitalisation Issue *(note a)*	3,265,500,000	2,212
Issue of shares upon initial public offering *(note b)*	783,580,000	541
At 31 December 2019, 1 January 2020 and 31 December 2020	4,124,080,000	2,804

Notes:

a. On 8 April 2019, a shareholders' resolution was passed pursuant to which the authorised share capital of the Company was increased from 500,000,000 ordinary shares of US$0.0001 par value each to 50,000,000,000 ordinary shares of US$0.0001 par value each. Meanwhile, 3,265,500,000 ordinary shares of the Company were allotted and issued to the shareholders on the register of members of the Company on the day preceding the listing date in proportion to their then existing shareholdings in the Company by capitalising the sum of US$326,550, equivalent to RMB2,212,000 from the share premium account of the Company.

b. On 31 May 2019, the Company issued a total of 783,580,000 ordinary shares of US$0.0001 each at the price of HK$1.5 per share by means of Global Offering.

All these new shares shall rank pari passu in all respects with the then existing issued shares of the Company.

OTHER INFORMATION

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2020.

Use of Net Proceeds from Listing

With the Shares of the Company listed on the Stock Exchange on May 31, 2019 (the "**Listing Date**"), the net proceeds from the Global Offering were approximately HK$1,144.5 million. As at the date of this announcement, the Company used a total of approximately RMB480.6 million of the proceeds, including approximately RMB154.0 million for research and development of our Core Products, approximately RMB244.6 million for production scale-up and construction of new production facilities in Taizhou, PRC, approximately RMB39.6 million for research and development of our other candidate products and approximately RMB42.4 million for working capital and general purpose. Save as disclosed below, the Company intends to apply such net proceeds in accordance with the purposes as set out in the prospectus of the Company dated May 20, 2019.

The table below sets out the planned applications of the net proceeds of the Global Offering and actual usage up to December 31, 2020:

Use of proceeds [(1)]	**Original Allocation of the Net Proceeds** *(RMB million)*	**Utilized amount up to December 31, 2020** *(RMB million)*	**Unutilized amount up to December 31, 2020** *(RMB million)*	**Expected timeline for fully utilizing the unutilized amount**
For R&D of our Core Products	180.9	154.0	26.9	By June 30, 2022
For production scale-up and construction of new production facilities in Taizhou, PRC	497.2	244.6	252.6	By December 31, 2022
For R&D of our other product candidates	194.5	39.6	154.9	By June 30, 2022
For working capital and other general corporate purposes	94.8	42.4	52.4	By December 31, 2021
Total	967.4	480.6	486.8	

Note:

(1) The net proceeds of the Global Offering were received in Hong Kong dollar and translated to Renminbi for application planning.

(2) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement.

(3) On March 1, 2021, the Board resolved to allocate approximately RMB20 million of the Net Proceeds originally allocated for working capital and other general corporate purposes to finance part of the consideration payable for the acquisition of CMAB807. For further details regarding the acquisition of CMAB807 and the change in use of proceeds, please refer to the announcement of the Company dated March 1, 2021, published on the websites of the Stock Exchange and the Company.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2020, there were no significant investments held by the Group or future plans regarding significant investment or capital assets. For the year ended December 31, 2020, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As of December 31, 2020, we had a total of 336 employees, of which 100 are located in Shanghai and 236 are located in Taizhou. The table below sets forth a breakdown of our employees by function:

Function	**Number of Employees**
Business units	47
R&D personnel [(1)]	202
Sales and marketing [(2)]	17
Administration	27
Management	43
Total	336

Notes:

(1) The number of R&D personnel here excludes 23 R&D team members who have been included in our management.

(2) The number of sales and marketing personnel here excludes our five core sales and marketing team members, who have been included in our management.

Our success depends on our ability to attract, recruit and retain qualified employees. We provide our employees with opportunities to work on cutting-edge biologics projects with world-class scientists. We aim to attract qualified employees with overseas educational backgrounds and relevant experience gained from global pharmaceutical or biotechnology companies. As of the date of this announcement, Dr. Li Jing and Dr. Wang Hao of our scientists held a Ph.D. degree or equivalent in fields that are highly relevant to our business. In addition, as of the same date, 142 out of our 225 R&D personnel (including those who are our management) held a bachelor's degree or above.

Our employment agreements typically cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees generally includes salary and bonus elements. In general, we determine the remuneration package based on the qualifications, position and performance of our employees. We also make contributions to the social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund.

We have established a labor union at Taizhou that represents employees with respect to the promulgation of bylaws and internal protocols. As of December 31, 2020, all of our employees at Taizhou were members of the labor union. We believe that we maintain a good working relationship with our employees. We had not experienced any material labor disputes or any material difficulty in recruiting employees for our operations during the Reporting Period and up to the date of this announcement.

COMPLIANCE WITH THE CG CODE

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules ("**CG Code**") and the Company has adopted the CG code as its own code of corporate governance. The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code since the Listing Date up to the date of this announcement. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2020.

COMPLIANCE WITH THE MODEL CODE FOR 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 (the "**Model Code**") as the guidelines for the directors' dealings in the securities of the Company since the Listing Date.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code since the Listing Date and up to the date of this announcement.

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

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

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group from January 1, 2020 up to December 31, 2020.

CHANGE OF AUDITOR

Deloitte Touche Tohmatsu ("**Deloitte**") retired as auditor of the Company with effect from the conclusion of the 2019 annual general meeting of the Company held on June 23, 2020 (the "**2019 AGM**") and did not seek reappointment. The Company put forward an ordinary resolution for shareholders' approval to propose the appointment of Ernst & Young as the auditor of the Company in place of the retiring auditor, Deloitte. Deloitte also confirmed with the Board that there were no matters in relation to the proposed change of auditor that need to be brought to the attention of the shareholders of the Company.

After the consideration and approval in the 2019 AGM, the Company appointed Ernst & Young as the auditor of the Company for a proposed term of office commencing on the date of approval until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcements of the Company dated 20 May 2020 and June 23, 2020 and the circular of the Company dated 25 May 2020 published on the website of the Stock Exchange and the website of the Company.

Ernst & Young shall retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming AGM. A resolution for the re-appointment of Ernst & Young as auditors of the Company is to be proposed at the forthcoming AGM.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. 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 the preliminary announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The Audit Committee consists of two independent non-executive Directors, namely Dr. Liu Linqing and Mr. Guo Liangzhong and one non-executive Director namely Mr. Jiao Shuge. Dr. Liu Linqing is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended December 31, 2020 and has met with the independent auditor, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting principles and policies adopted by the Company and internal control with members of senior management of the Company.

IMPORTANT EVENTS AFTER THE REPORTING DATE

On March 1, 2021, Shanghai Biomabs Pharmaceuticals Co., Ltd. (上海百邁博製藥有限公司) ("**Biomabs**"), as licensor, and Taizhou Mabtech Pharmaceutical Limited* (泰州邁博太科藥業有限公司) ("**Taizhou Pharmaceutical**"), a wholly-owned subsidiary of company, as licensee, entered into a license agreement pursuant to which Taizhou Pharmaceutical agrees to acquire, and Biomabs agrees to irrevocably grant, a worldwide, exclusive and perpetual license for the rights to use all patents, products and technologies in connection with CMAB807 (denosumab, biosimilar for treating osteoporosis in postmenopausal women with high fracture risk) for further research and development, manufacturing and commercialization of CMAB807 ("**CMAB807 License**"), for a total consideration of RMB70 million (the "**License Agreement**"). The License Agreement shall become effective subject to, among other things, approval by the independent shareholders' of the Company.

In addition, Taizhou Pharmaceutical entered into a clinical trials agreement and a CDMO agreement with Biomabs on March 1, 2021, pursuant to which Taizhou Pharmaceutical shall (i) engage Biomabs to continue and complete phase III clinical trials of CMAB807; and (ii) engage Biomabs to develop and manufacture CMAB807 in the PRC on its behalf (together with CMAB807 License, the "**Transactions**"). Both of the clinical trials agreement and CDMO agreement shall become effective subject to, among ofter things, approval by the independent shareholders of the Company.

As Mr. Guo Jianjun, one of the non-executive directors and controlling shareholders of the Company, and Ms. Guo Hua (an associate of Mr. Guo Jianjun), indirectly controls 5% and 61.67% of the voting rights of Sinomab respectively, and Biomabs is the direct wholly-owned subsidiary of Sinomab, Biomabs is a connected person of the Company under the Listing Rules.

As the highest applicable percentage ratio, in respect of the Transactions exceeds 5% but less than 25%, the Transactions are either connected transaction or continuing connected transactions subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Transactions shall be effective subject to, among other things, approval by the independent shareholders' of the Company at the Extraordinary General Meeting. For further details regarding the Transactions, please refer to the announcement of the Company dated March 1, 2021, published on the websites of the Stock Exchange and the Company.

Save as disclosed above, no important events affecting the Company occurred since December 31, 2020 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on June 18, 2021 (the "**AGM**"). A notice convening the AGM will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.mabpharm.cn) and will be dispatched to the Shareholders within the prescribed time and in such manner as required under the Listing Rules.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from June 15, 2021 to June 18, 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch 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 for registration not later than 4:30 p.m. on June 11, 2021.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.mabpharm.cn).

The annual report for the year ended December 31, 2020 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to our Shareholders and business partners for their continued support, and to our employees for their dedication and hard work.

By Order of the Board
Mabpharm Limited
Jiao Shuge
Chairman

Hong Kong, March 26, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Wang Hao, Mr. Tao Jing, Mr. Li Yunfeng, and Dr. Li Jing as executive Directors; Mr. Jiao Shuge and Mr. Guo Jianjun as non-executive Directors; and Mr. Guo Liangzhong, Dr. Zhang Yanyun and Dr. Liu Linqing as independent non-executive Directors.