THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mabpharm Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF CMAB807
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CLINICAL TRIALS AGREEMENT AND THE CDMO AGREEMENT
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 19 of this circular.

The notice convening the EGM of Mabpharm Limited to be held at No. 301 Libing Road, Pudong New District, Shanghai on Friday, April 30, 2021 at 02:00 p.m. is set out on pages 61 to 63 in this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 02:00 p.m. on April 28, 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (www.mabpharm.cn).

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the meeting against the epidemic to protect the Shareholders from the risk of infection:

(a) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;

(b) Every Shareholder or proxy is required to wear surgical facial mask throughout the meeting; and

(c) No refreshment will be served.

Furthermore, the Company wishes to advise the Shareholders, particularly the Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the meeting as a proxy to vote on the resolutions, instead of attending the meeting in person

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April 13, 2021

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Articles of Association"	the articles of association of the Company currently in force
"Asia Mabtech"	Asia Mabtech Limited, a limited liability company incorporated in the BVI on November 23, 2017 and one of the Controlling Shareholders
"Asia Pacific Immunotech Venture"	Asia Pacific Immunotech Venture Limited, a limited liability company incorporated in the BVI on July 23, 2018 and one of the Controlling Shareholders
"Biomabs"	Shanghai Biomabs Pharmaceuticals Co., Ltd.* (上海百迈博制药有限公司), a limited liability company incorporated in the PRC on October 16, 2009 and a direct wholly-owned subsidiary of Sinomab as of the date of this Circular
"Business Day(s)"	day(s) on which commercial banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays)
"Board"	the board of Directors
"CDMO Agreement"	the contract development and manufacturing agreement dated March 1, 2021, entered into between Taizhou Pharmaceutical and Biomabs in respect of CMAB807
"China" or "PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Circular"	this circular of the Company dated April 13, 2021
"Clinical Trials Agreement"	the clinical trials agreement dated March 1, 2021, entered into between Taizhou Pharmaceutical and Biomabs in respect of CMAB807
"Company"	Mabpharm Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Guo Jianjun, Guo Family Trustee, Asia Pacific Immunotech Venture, Asia Mabtech and United Circuit

* *For identification purposes only*

"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules
"CRO"	a contract research organization, which provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"Deed of Non-Competition"	the deed of non-competition dated April 16, 2019, entered into among each of the controlling shareholders of the Company, Sinomab and the Company
"Director(s)"	the director(s) of the Company
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held at No. 301 Libing Road, Pudong New District, Shanghai on Friday, April 30, 2021 at 02:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 61 to 63 of this circular, or any adjournment thereof
"Group"	the Company and its subsidiaries
"Guo Family Trust"	Guo Family Trust, a trust created by Mr. Guo Jianjun on August 8, 2018 under the laws of BVI for the benefit of his family members, for which Guo Family Trustee serves as trustee
"Guo Family Trustee"	Guo Family (PTC) Limited, a limited liability company incorporated in the BVI on March 1, 2018 and the trustee of the Guo Family Trust
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive Directors, formed for the purpose of giving a recommendation to the Independent Shareholders in respect of the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the License Agreement, the Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder

"Independent Shareholders"	Shareholders other than those Shareholders who are required to abstain from voting on the resolutions to be proposed at the EGM in accordance with the Listing Rules
"Independent Third Party(ies)"	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
"Latest Practicable Date"	April 5, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"License Agreement"	the license agreement dated March 1, 2021 entered into between Biomabs and Taizhou Pharmaceutical pursuant to which Biomabs agrees to grant a license over the Licensed Rights to Taizhou Pharmaceutical
"Licensed Rights"	the rights to use all patents, products and technology in connection with CMAB807 for further research and development, manufacturing and commercialization of CMAB807 to be irrevocably granted by Biomabs to Taizhou Pharmaceutical under a worldwide exclusive and perpetual license pursuant to the License Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Net Proceeds"	the net proceeds raised from the global offering of the Company
"NMPA"	National Medical Products Administration
"PG Advisory"	Shanghai PG Advisory Co., Ltd, an independent valuer qualified in the PRC, who has extensive experience in asset valuation in Hong Kong and the PRC
"Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on August 10, 2018 for the benefit of our directors and employees, a summary of the principal terms of which is set forth in the Prospectus
"Prospectus"	the prospectus issued by the Company on May 20, 2019 in connection with the Hong Kong public offering of the Shares
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	ordinary share(s) of US$0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Sinomab"	Sinomab Limited (formerly known as Mabtech Limited), a limited liability company incorporated in the Cayman Islands on September 4, 2014, and is a connected person of the Company, as Ms. Guo Hua and Mr. Guo Jianjun, indirectly controls 61.67% and 5% voting rights of Sinomab respectively as of the date of this Circular
"Sinomab Group"	Sinomab and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taizhou Pharmaceutical"	Taizhou Mabtech Pharmaceutical Limited* (泰州迈博太科药业有限公司), a limited liability company incorporated in the PRC on February 4, 2015 and an indirect wholly-owned subsidiary of the Company
"United Circuit"	United Circuit Limited (域聯有限公司), a limited liability company incorporated in the BVI on August 25, 2015 and one of the Controlling Shareholders
"Valuation Report"	the valuation report prepared by PG Advisory engaged by the Company in relation to the valuation of the Licensed Rights in respect of CMAB807
"%"	per cent

* *For identification purposes only*

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)

Executive Directors:
Dr. Wang Hao *(Chief Executive Officer)*
Mr. Tao Jing
Mr. Li Yunfeng
Dr. Li Jing

Non-executive Directors:
Mr. Jiao Shuge *(Chairman)*
Mr. Guo Jianjun

Independent Non-executive Directors:
Mr. Guo Liangzhong
Dr. Zhang Yanyun
Dr. Liu Linqing

Registered Office:
Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Principal Place of Business in Hong Kong:
Room A, 18/F, Hong Xiang Centre,
83 Queen's Road East, Wanchai,
Hong Kong

April 13, 2021

To the Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF CMAB807
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CLINICAL TRIALS AGREEMENT AND THE CDMO AGREEMENT AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated March 1, 2021.

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the EGM to be held on Friday, April 30, 2021 for (i) the License Agreement and the transactions contemplated thereunder; (ii) the Clinical Trials Agreement and the transactions contemplated thereunder; (iii) the CDMO Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM.

2. CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF CMAB807

On March 1, 2021, Biomabs, as licensor, and Taizhou Pharmaceutical, as licensee, entered into the 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, for a total consideration of RMB70 million.

THE LICENSE AGREEMENT

The principal terms of the License Agreement are set forth below:

Date

March 1, 2021

Parties

(i) Taizhou Pharmaceutical, as licensee and

(ii) Biomabs, as licensor

Scope of the CMAB807 License

Biomabs shall irrevocably grant Taizhou Pharmaceutical the rights to use all patents, products and technology in connection with CMAB807 for further research and development, manufacturing and commercialization of CMAB807 on a worldwide, exclusive and perpetual basis (the "**CMAB807 License**"). The Licensed Rights cover both the products and underlying technology in connection with CMAB807 (e.g. R&D technology, experimental data, biological products samples, cells samples, assays, constructions, standard operating procedures, preclinical and clinical trial data, preparation techniques, experimental methods and knowledge).

Taizhou Pharmaceutical shall have the right to carry out further research and development, manufacturing and commercialization of CMAB807, whether by itself or through engaging other parties, after approval is obtained from the relevant governmental authority and shall be entitled to any income generated from such sale.

Taizhou Pharmaceutical shall also be entitled to sub-license all or part of the Licensed Rights and interests it obtained under the License Agreement to any third party without first obtaining any consent from Biomabs.

Term

The term of the CMAB807 License is perpetual and will become effective upon both parties having obtained their respective shareholders' approval.

Background information of CMAB807

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.

Increased osteoclast activity, stimulated by RANKL, is a mediator of bone pathology in solid tumors with osseous metastases. Similarly, giant cell tumors of bone consist of stromal cells expressing RANKL and osteoclast-like giant cells expressing RANK receptor, and signaling through the RANK receptor contributes to osteolysis and tumor growth. CMAB807 prevents RANKL from activating its receptor, RANK, on the surface of osteoclasts, their precursors, and osteoclast-like giant cells.

CMAB807 has obtained the clinical trial approval for the indication of osteoporosis issued by the NMPA in the PRC and is currently undergoing phase III clinical trial.

Consideration and Payment Terms

The total consideration for the CMAB807 License is RMB70 million, of which RMB30 million shall be payable by Taizhou Pharmaceutical within 20 Business Days after the License Agreement becomes effective. The remaining RMB40 million shall be payable by Taizhou Pharmaceutical within 20 Business Days after completion of the technology transfer.

The consideration was determined based on the fair value of the Licensed Rights in CMAB807 in the PRC after arm's length negotiations between the Company and Biomabs, taking into account various factors, including but not limited to, the valuation of CMAB807 conducted by PG Advisory, an independent valuer, (the "**Valuation**"), the status of the research and development of CMAB807, CMAB807's market potential in the PRC and the competitive landscape for acquiring potential biosimilar drug candidates in the PRC market. According to the Valuation, the fair market value of CMAB807 is RMB70 million as of September 30, 2020. The Board considers the Valuation which was prepared based on market approach (with reference to a non-exhaustive list of selected comparable companies) as a primary factor in forming the basic of the consideration as (i) CMAB807 is under development and does not generate any income as at the Latest Practicable Date; and (ii) there are sufficient number of listed companies whose principal activities involve research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. For further details, please refer to the Valuation Report as set out in Appendix II of this circular.

Considering that since September 30, 2020 (i) there has been no significant progress in the research and development of CMAB807 (it is preparing for clinical trial and has not yet commenced patient enrollment); (ii) there has been no significant investment and/or expenses incurred in the research and development of CMAB807; and (iii) as advised by PG Advisory, there has been no material change to the multiple adopted in deriving the fair value of CMAB807 as at the end of February 2021, the Board is of the view that there is no material change in the valuation of CMAB807 subsequent to September 30, 2020 and the Valuation forms a fair and reasonable basis for the total consideration for the CMAB807 License.

The Board intends to fund the payment of the consideration for the CMAB807 License from its internal resources and proceeds from the global offering of the Company (approximately RMB20 million which is originally allocated for working capital and other general corporate purposes). For details regarding the adjustments to the use of Net Proceeds from the global offering of the Company, please refer to the section headed "CHANGE IN USE OF PROCEEDS" below.

Closing

The technology transfer under the License Agreement shall be completed within 60 days upon the License Agreement becomes effective.

The technology transfer aforementioned includes the transfer of the following technical data and samples in relation to CMAB807:

a. the registration information of CMAB807 that has been declared to the NMPA;

b. documents in relation to the manufacturing process, verification procedure and standard operating procedures of CMAB807;

c. full set of quality control documents in relation to CMAB807;

d. clinical trials approval of CMAB807;

e. full set of CMAB807's phase I clinical data (including phase I clinical trial protocol, ethical approval documents, phase I clinical trial report, etc.);

f. phase III clinical trial data e.g. phase III clinical trial protocol, etc.; and

g. main seed cell bank samples (50 tubes), working cell bank samples (100 tubes), and trial samples (20 bottles) of CMAB807.

REASONS FOR AND BENEFIT OF THE LICENSE AGREEMENT

The Board considers that it is in the interest of the Group and its Shareholders to enter into the License Agreement for the following reasons:

(i) CMAB807 is mainly targeted at two indications, namely osteoporosis and osseous metastases, which have tremendous commercialization potentials in the PRC. The enlarging patient pool and the increase in osteoporosis awareness are the key drivers for the denosumab market in the PRC which gives CMAB807 a huge room for future market expansion. The Company expects the market size of denosumab in the PRC for biosimilar will increase from approximately RMB0.1 billion in 2020 to approximately RMB43.8 billion in 2035. On the other hand, the osseous metastases indication is expected to have a complimentary effect with the Company's existing tumour drugs, such as CMAB009 and CMAB819, and will enable the Company to optimize its resources towards, and enhance its sales and marketing efficiency on, its tumour drugs;

(ii) based on the current R&D progress of CMAB807, the Company believes that CMAB807 will potentially be one of the first-three-to-market denosumab biosimilar to be approved for commercialization in the PRC and will potentially be the first biosimilar drug to pass head to head phase III clinical trial with Prolia in the PRC;

(iii) the Company expects that with the implementation of national drug price negotiation in recent years, the terminal bidding procurement price of drugs will continue to decline gradually. The Company's technology and costs advantages in mass production of antibodies will allow the Company to sell CMAB807 at a competitive price and hence reaching a wider group of patients and increase market penetration with a view to capturing the growing demand for the RANKL market in the PRC; and

(iv) the Company is building a sales platform for drug products targeting different chronic diseases (i.e. CMAB007 and CMAB008). The Company can utilize the sales platform to accelerate the introduction of CMAB807 (with osteoporosis, a chronic disease, as one of its main indication) to the PRC market and ensure a stable demand of the drug via the sales platform.

Having considered the above, the Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendations from the independent financial adviser, and Mr. Guo Jianjun who has abstained from voting at the relevant Board meeting) are of the view that the License Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, and that the terms of the License Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. CONTINUING CONNECTED TRANSACTION IN RELATION TO THE CLINICAL TRIALS AGREEMENT AND THE CDMO AGREEMENT

INTRODUCTION

On March 1, 2021, Biomabs and Taizhou Pharmaceutical entered into the Clinical Trials Agreement pursuant to which Biomabs will continue and complete the phase III clinical trials of CMAB807 in the PRC.

On the same day, Biomabs and Taizhou Pharmaceutical also entered into the CDMO Agreement pursuant to which Biomabs will develop and manufacture CMAB807 in the PRC for Taizhou Pharmaceutical.

THE CLINICAL TRIALS AGREEMENT

The principal terms of the Clinical Trials Agreement are set forth below:

Date

March 1, 2021

Parties

(i) Taizhou Pharmaceutical, as principal; and

(ii) Biomabs, as agent

Clinical Trials Services

Pursuant to the Clinical Trials Agreement, Taizhou Pharmaceutical shall engage Biomabs to continue to develop and complete phase III clinical trials of CMAB807. The scope of services to be provided by Biomabs includes, but not limited to:

(i) continue to act as the applicant of the phase III clinical trials of CMAB807;

(ii) enter into agreements with other clinical trial institutions (e.g. hospitals and CROs);

(iii) continue to perform its obligations under agreements relating to the clinical trials of CMAB807 which Biomabs has already entered into before entering into the Clinical Trials Agreement; and

(iv) conduct other activities which should be conducted by the applicant of the clinical trials of CMAB807.

In addition, Taizhou Pharmaceutical has the rights and interests in any data and research achievements generated in the course of phase III clinical trials of CMAB807 conducted by Biomabs.

Pricing Policy

On or before the 10th day of each calendar month, (i) both parties to the Clinical Trials Agreement shall confirm the amount of the expenses to be reimbursed in relation to the clinical trials of CMAB807, which have been paid by Biomabs on behalf of Taizhou Pharmaceutical (the "**Agreed Reimbursements**") for the previous calendar month; and (ii) Taizhou Pharmaceutical shall pay Biomabs such Agreed Reimbursements.

The Agreed Reimbursement includes all expenses incurred by Biomabs for completing the phase III clinical trial of CMAB807, such as fees paid to third party service providers, (including, but not limited to, Site Management Organization (SMO), hospitals and analysis laboratories, etc.) to be responsible for the arrangement of Clinical Research Coordinators (CRC) and the clinical trial sites for making non-medical judgments to ensure the smooth operation of the phase III clinical trials of CMAB807.

Term

From the effective date of the Clinical Trials Agreement to December 31, 2023 or completion of the phase III clinical trial of CMAB807, whichever is earlier. The Clinical Trials Agreement shall become effective upon both parties having obtained their respective shareholders' approval. The Company will negotiate with Biomabs and enter into a new clinical trial agreement if the phase III clinical trial of CMAB807 has not been completed on or before December 31, 2023.

Annual Caps

	Proposed annual caps For the year ending December 31,		
	2021	**2022**	**2023**
	(RMB'million)	*(RMB'million)*	*(RMB'million)*
Maximum aggregated Agreed Reimbursements payable pursuant to the Clinical Trials Agreement	10	7	3

In arriving at the above proposed annual caps in respect of the maximum aggregated Agreed Reimbursements under the Clinical Trials Agreement, the Directors have considered the historical transaction amounts and the actual clinical trial expenses of CMAB807 expected to be incurred by the third parties, including, but not limited to, SMOs, hospitals and analysis laboratories.

REASONS FOR AND BENEFIT OF THE CLINICAL TRIALS AGREEMENT

As the clinical trial approval for CMAB807 for the indication of osteoporosis was registered and commenced under the name of Biomabs and, under the relevant PRC laws, the Group would have to re-start the phase III clinical trials for CMAB807 if the applicant named under the clinical trials were changed from Biomabs to the Group or any other service provider. To avoid incurring additional costs and prolonging the time required for completing the clinical trials for CMAB807, the Group proposes to retain Biomabs to continue the clinical trials for CMAB807 by entering into the Clinical Trials Agreement with Biomabs.

Having considered the above, the Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendations from the independent financial adviser, and Mr. Guo Jianjun who has abstained from voting at the relevant Board meeting) are of the view that the Clinical Trials Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, and that the terms of the Clinical Trials Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE CDMO AGREEMENT

The principal terms of the CDMO Agreement are set forth below:

Date

March 1, 2021

Parties

(i) Taizhou Pharmaceutical, as principal; and

(ii) Biomabs, as supplier

CDMO Services

Pursuant to the CDMO Agreement, Taizhou Pharmaceutical shall engage Biomabs to develop and manufacture CMAB807 in accordance with the marketing authorization holder system under the Pharmaceutical Administration Law (《药品管理法》) in the PRC including but not limited to (a) obtaining validation of the manufacturing process; (b) preparing all relevant documentation; and (c) applying to the NMPA for the new drug application.

Pricing Policy

The fees payable under the CDMO Agreement is RMB48 million in total and will be payable in five instalments with each payable within 20 days upon the occurrence of certain agreed milestones of the commercialization of CMAB807, starting from the effective date of the CDMO agreement. In addition, Biomabs can request for an additional fees of up to RMB5 million to be paid by Taizhou Pharmaceutical in respect of additional works and expenses incurred due to changes in, among others, relevant laws and rules or as agreed between Taizhou Pharmaceutical and Biomabs.

Terms

The term of the CDMO agreement starts from the effective date of the CDMO Agreement to December 31, 2023. The CDMO Agreement shall become effective upon both parties having obtained their respective shareholders' approval. The Company will negotiate with Biomabs and enter into a new CDMO agreement if the phase III clinical trial of CMAB807 has not been completed on or before December 31, 2023.

Annual Caps

	Proposed annual caps For the year ending December 31,		
	2021	**2022**	**2023**
	(RMB'million)	*(RMB'million)*	*(RMB'million)*
Fees payable pursuant to the CDMO Agreement	20	15	18

In arriving at the above proposed annual caps in respect of the fees payable under the CDMO Agreement, the Directors have considered (i) the purchase price of similar services in the open market under the same conditions, which would amount to approximately RMB120 million; and (ii) the costs of applying for the new drug application and antibody drugs preparation incurred by other companies engaged in the same industry as the Group.

REASONS FOR AND BENEFIT OF THE CDMO AGREEMENT

As the drugs used in the clinical trial approval for CMAB807 for the indication of osteoporosis was manufactured in Biomabs manufacturing facilities, under the relevant PRC laws, the Group would have to produce the clinical trial samples again and re-start the clinical trials for CMAB807 if the Group would like to manufacture CMAB807 at other manufacturing sites. To avoid incurring additional costs and prolonging the time required for completing the clinical trials for CMAB807, the Group proposes to retain Biomabs to continue the clinical trials for CMAB807 and manufacture CMAB807, by entering into the CDMO Agreement with Biomabs.

Having considered the above, the Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendations from the independent financial adviser, and Mr. Guo Jianjun who has abstained from voting at the relevant Board meeting) are of the view that the CDMO Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, and that the terms of the CDMO Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. DELINEATION WITH SINOMAB GROUP AND DEED OF NON-COMPETITION

The Board is of the view that the entering into of the License Agreement, the Clinical Trails Agreement and the CDMO Agreement would not affect the delineation between the Group and Sinomab Group nor trigger any provision in the Deed of Non-competition based on the following reasons:

(i) the Group did not have any drug products targeted at osteoporosis and osseous metastases, being the indications of CMAB807, prior to the acquisition of the Licensed Rights and Sinomab will cease to have any interest in any other drug products with the same indications subsequent to the acquisition of the Licensed Rights by the Group; and

(ii) the business conducted by Sinomab Group under the Clinical Trails Agreement and the CDMO Agreement and the core business of the Group are of different nature. Pursuant to the Clinical Trials Agreement and the CDMO Agreement, Sinomab Group is merely providing research, development and manufacturing services to the Group with respect to CMAB807, while the rights and interest of CMAB807 belongs to the Group. The Group will also be solely responsible for commercialization of CMAB807. In contrast, the Group's core business remains as conducting research and development of its own drug products with a view to manufacture and commercialization to end users.

5. INFORMATION ABOUT THE COMPANY, TAIZHOU PHARMACEUTICAL AND BIOMABS

The Company is a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. Mr. Guo Jianjun, one of the Non-executive Directors of the Company, is the ultimate controlling shareholder of the Company.

Taizhou Pharmaceutical is an indirect wholly-owned subsidiary of the Company and one of the Company's major operating subsidiaries. Taizhou Pharmaceutical is principally engaged in preparing clinical trial samples and designing and constructing R&D equipment and production lines required for phase III clinical trials for the Company's Core Products.

Biomabs is principally engaged in CRO business in the PRC. Biomabs is a wholly-owned subsidiary of Sinomab. 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 in Sinomab respectively. The other shareholders of Sinomab include Genemab Holding Limited[1], CDH Mabtech Limited[2], Fortune-Healthy Investment Limited[3] and CDC Mabtech Limited[4].

6. LISTING RULES IMPLICATIONS

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 in 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 Mr. Guo Jianjun is considered to have material interests in the License Agreement, the Clinical Trials Agreement and the CDMO Agreement by virtue of the interests held by him and his associate in Biomabs, and he had abstained from voting on the resolutions approving the License Agreement, the Clinical Trials Agreement and the CDMO Agreement proposed to the Board, Mr. Guo Jianjun will also abstain from voting on the shareholder resolutions in relation to the License Agreement, the Clinical Trials Agreement and the CDMO Agreement. Save as disclosed above, none of the Directors attended the Board meeting or Shareholder has any material interests in these transactions.

1. Genemab Holding Limited is indirectly held as to 50% by CDH Venture Partners III, L.P., a limited partnership formed under the laws of Cayman Islands, and is indirectly held as to 50% by Shanghai CDH Chuangtai VC Center, L.P. (上海鼎暉創泰創業投資中心有限合夥), a limited partnership formed under the laws of the PRC. The general partners of CDH Venture Partners III, L.P. and Shanghai CDH Chuangtai VC Center, L.P. are CDH Venture GP III Company Limited and Suzhou Dinghui Huahe Venture Investment Management Company Limited (蘇州鼎暉華禾創業投資管理有限公司), respectively. CDH Venture GP III Company Limited is ultimately owned by Mr. William Hsu (as to approximately 33.45%) and other minority shareholders who are independent from the Company and its connected persons. Suzhou Dinghui Huahe Venture Investment Management Company Limited is ultimately owned by Huang Jingjing (as to 35%), Wang Mingyu (as to 32.5%) and Zhang Haifeng (as to 32.5%).

2. CDH Mabtech Limited is wholly-owned by CDH Fund V, L.P., a limited partnership formed under the laws of the Cayman Islands, whose general partner is CDH V Holdings Company Limited, which is ultimately owned by Mr. Wu Shangzhi (as to 26.56%), Mr. Jiao Shuge, the Company's non-executive Director (as to 23.02%) and other minority shareholders who are independent from the Company and its connected persons.

3. Fortune-Healthy Investment Limited is ultimately owned by Mr. Yap Shing Chi and his family members.

4. CDC Mabtech Limited is held as to 83.11% by CDC Investments Co. Ltd (which is held as to 50% by Mr. Zhong Gang and 50% by Mr. Li Hui) and as to 16.89% by Earn Concord Ltd (which is a wholly owned subsidiary of Mr. Wang Le Tian).

The License Agreement

As the highest applicable percentage ratio, as calculated under Rule 14.07 and Rule 14A.77 of the Listing Rules, in respect of the transaction contemplated under the License Agreement, exceed 5% but less than 25% respectively, the transaction contemplated under the License Agreement constitutes a disclosable transaction and connected transaction between the Company and its connected person and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Pursuant to the requirement of Rule 14A.70(8) of the Listing Rules, as the primary significance of the Licensed Rights in respect of CMAB807 under the License Agreement is its capital value, the Company appointed PG Advisory to make an independent valuation of the Licensed Rights in respect of CMAB807 under the License Agreement. Please refer to the Valuation Report as set out in Appendix II of this Circular.

The Clinical Trials Agreement and the CDMO Agreement

Given that the Clinical Trials Agreement and the CDMO Agreement are both entered into between Taizhou Pharmaceutical and Biomabs in respect of CMAB807, the annual caps of the transactions contemplated thereunder should be aggregated under Rule 14.22 of the Listing Rules when calculating the applicable percentage ratios pursuant to Rules 14A.77 and 14A.83 of the Listing Rules.

As the highest applicable percentage ratio calculated under the Listing Rules exceeds 5% but less than 25%, the transactions contemplated under the Clinical Trials Agreement and the CDMO Agreement constitute continuing connected transactions between the Company and its connected person and in aggregate is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. CHANGE IN USE OF PROCEEDS

To better utilize the Net Proceeds, reduce finance costs and for the reasons set out in the paragraph headed "REASONS FOR AND BENEFIT OF THE LICENSE AGREEMENT" above, the Board has resolved to reallocate approximately RMB20 million of the Net Proceeds raised from the global offering of the Company originally allocated for working capital and other general corporate purposes to finance part of the consideration payable by Taizhou Pharmaceutical under the License Agreement.

Set out below are the details of the intended use of the Net Proceeds, the original allocation of the Net Proceeds, the utilized Net Proceeds, the unutilized Net Proceeds, and the revised allocation of the unutilized Net Proceeds, as at the Latest Practicable Date:

Use of proceeds[1]	**Original Allocation of the Net Proceeds** *(RMB million)*	**Utilized amount up to the Latest Practicable Date** *(RMB million)*	**Unutilized amount up to the Latest Practicable Date** *(RMB million)*	**Revised allocation of the unutilized amount up to the Latest Practicable Date** *(RMB million)*	**Expected timeline for fully utilizing the unutilized amount**[2]
For R&D of our Core Products	180.9	162.3	18.6	18.6	By June 30, 2022
For production scale-up and construction of new production facilities in Taizhou, PRC	497.2	291.4	205.8	205.8	By December 31, 2022
For R&D of our other product candidates	194.5	83.1	111.4	111.4	By June 30, 2022
For working capital and other general corporate purposes	94.8	47.8	47.0	27.0	By December 31, 2021
For acquisition of CMAB807 License	–	–	–	20.0	By December 31, 2021
Total	967.4	584.6	382.8	382.8	

Note:

(1) Net IPO proceeds 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 Latest Practicable Date.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Company comprising Mr. Guo Liangzhong, Dr. Zhang Yanyun and Dr. Liu Linqing, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the License Agreement, the Clinical Trials Agreement, the CDMO Agreement and the respective transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Somerley Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

9. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 61 to 63 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (www.mabpharm.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 02:00 p.m. on April 28, 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

10. RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that the entering into of the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder conducted in the ordinary and usual course of business of the Group; and the terms of the License Agreement, Clinical Trials Agreement and the CDMO Agreement are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of the Board
Mabpharm Limited
Jiao Shuge
Chairman

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder.

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)

Executive Directors:
Dr. Wang Hao *(Chief Executive Officer)*
Mr. Tao Jing
Mr. Li Yunfeng
Dr. Li Jing

Non-executive Directors:
Mr. Jiao Shuge *(Chairman)*
Mr. Guo Jianjun

Independent Non-executive Directors:
Mr. Guo Liangzhong
Dr. Zhang Yanyun
Dr. Liu Linqing

Registered Office:
Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Principal Place of Business in Hong Kong:
Room A, 18/F, Hong Xiang Centre,
83 Queen's Road East,
Wanchai,
Hong Kong

April 13, 2021

To the Shareholders

Dear Sir/Madam,

(1) CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF CMAB807
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CLINICAL TRIALS AGREEMENT AND THE CDMO AGREEMENT AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated April 13, 2021 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders (i) as to whether the terms of the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote on the resolutions in relation to the entering into of the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder.

Somerley Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

We wish to draw your attention to (i) the letter from the Board as set out on pages 5 to 19 of the Circular; and (ii) the letter of advice from the Independent Financial Adviser, the details of which are set out on pages 22 to 38 of the Circular, both of which provide details of the License Agreement, Clinical Trials Agreement and the CDMO Agreement.

Having considered (i) the terms of the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder; (ii) the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice; (iii) the relevant information contained in the letter from the Board, we consider that the entering into of the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the terms of the License Agreement, Clinical Trials Agreement and the CDMO Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders to vote in favour of the relevant resolutions to approve the License Agreement, Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Guo Liangzhong **Dr. Zhang Yanyun** **Dr. Liu Linqing**
Independent non-executive Directors

The following is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor, China Building
29 Queen's Road Central
Hong Kong

April 13, 2021

To: the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF CMAB807 AND (2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CLINICAL TRIALS AGREEMENT AND THE CDMO AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with the acquisition (the "**Acquisition**") of CMAB807 pursuant to the License Agreement, the continuing connected transactions (the "**Continuing Connected Transactions**") contemplated under the Clinical Trials Agreement and the CDMO Agreement, and their respective proposed annual caps (the "**Proposed Annual Caps**") for the three years ending December 31, 2021, 2022 and 2023. Details of the Acquisition, the Clinical Trials Agreement, the CDMO Agreement and the Proposed Annual Caps are set out in the "Letter from the Board" contained in the circular of the Company to the Shareholders dated April 13, 2021 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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 in Sinomab respectively, and Biomabs is the direct wholly-owned subsidiary of Sinomab as at the Latest Practicable Date, Biomabs is a connected person of the Company under the Listing Rules. As the highest applicable percentage ratio, as calculated under Rule 14.07 and Rule 14A.77 of the Listing Rules, in respect of the transaction contemplated under the License Agreement, exceed 5% but less than 25% respectively, the transaction contemplated under the License Agreement constitutes a discloseable and connected transaction between the Company and its connected person and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. Given that the Clinical Trials Agreement and the CDMO Agreement are both entered into between Taizhou Pharmaceutical and Biomabs in respect of CMAB807, the annual caps of the transactions contemplated thereunder should be aggregated under Rule 14.22 of the Listing Rules when calculating the applicable percentage ratios pursuant to Rule 14A.77 and Rule 14A.83 of the Listing Rules. As the highest applicable percentage ratio calculated under the Listing Rules exceeds 5% but less than 25%, the transactions contemplated under the Clinical Trials Agreement and the CDMO Agreement constitute continuing connected transactions between the Company and its connected person and in aggregate is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Guo Liangzhong, Dr. Zhang Yanyun and Dr. Liu Linqing, has been established to consider and advise the Independent Shareholders as to whether (1) the terms of the License Agreement, the Clinical Trials Agreement and the CDMO Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (2) the entering into of the License Agreement, the Clinical Trials Agreement and the CDMO Agreement are in the interests of the Company and the Shareholders as a whole; (3) the Acquisition and the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there were no engagements between the Company and Somerley Capital Limited. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited and (b) the Group and Biomabs that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Continuing Connected Transactions as detailed in the Circular.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and Biomabs, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below:

I THE LICENSE AGREEMENT

1. Reasons for and benefits of the License Agreement

The Company is a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. Taizhou Pharmaceutical is an indirect wholly-owned subsidiary of the Company and one of the Company's major operating subsidiaries, which is principally engaged in preparing clinical trial samples and designing and constructing R&D equipment and production lines required for phase III clinical trials for the Company's Core Products.

CMAB807 is a denosumab (a kind of antibody), biosimilar for treating osteoporosis in postmenopausal women with high fracture risk. As stated in the section headed "Reasons for and benefit of the License Agreement" in the "Letter from the Board" contained in the Circular, the Company expects the market size of denosumab for biosimilar in the PRC will increase from approximately RMB0.1 billion in 2020 to approximately RMB43.8 billion in 2035. CMAB807 is denosumab biosimilar, mainly targeted at two indications, namely osteoporosis and osseous metastases (a category of cancer metastases that results from primary tumor invasion to bone). The enlarging patient pool and the increase in osteoporosis awareness are the key drivers for the denosumab market in the PRC which gives CMAB807 a room for future market expansion. On the other hand, the osseous metastases indication is expected to have a complimentary effect with the Company's existing tumour drugs, such as CMAB009 and CMAB819, and will enable the Company to optimise its resources towards, and enhance its sales and marketing efficiency on, its tumour drugs. We have reviewed a report with respect to CMAB807 (the "**Industry Expert Report**") prepared by an industry expert (the "**Industry Expert**"), China Insights Consultancy, a platform consists of more than 50,000 industry experts covering numerous aspects from various industries, including, among other things, pharmaceuticals, medical equipment and medical services. As set out in the Industry Expert Report, the Industry Expert estimates the market size of denosumab for biosimilar in the PRC will reach approximately RMB41.4 billion by 2030, in which osteoporosis market and bone metastases market will contribute approximately RMB36.0 billion and RMB5.4 billion, respectively. According to the results of the first Chinese osteoporosis epidemiological survey (中國骨質疏鬆症流行病學調查結果) disclosed by the National Health Commission (國家衛生健康委員會) in 2018, osteoporosis has become a significant health problem for middle and old aged people, especially for women, in China. The prevalence of osteoporosis is estimated at 19.2% in people over age 50, of which 6.0% in men, 32.1% in women, 16.2% in urban areas, and 20.7% in rural areas. The prevalence of osteoporosis is estimated at 32.0% in people over age 65, of which 10.7% in men, 51.6% in women, 25.6% in urban areas, and 35.3% in rural areas. The prevalence rate of osteoporosis in men has no obvious difference between China and other countries, however, the rate in women in China is significantly higher than that in European and American countries, and is similar to that in Asian countries such as Japan and Korea.

Besides, the Company expects its technology and costs advantages in mass producing antibodies will allow the Company to sell CMAB807 at a competitive price and hence reaching a wider group of patients and increase market penetration in the PRC. The Company is also in the process of establishing a sales team consisting of staff with strong academic promotion experience and capabilities in order to generate stable revenue and profits in the future by creating its own sales team in the PRC and strengthening its commercialisation capabilities by further building its sales team. The Company can utilise its sales platform to accelerate the introduction of CMAB807 to the PRC market and retain the demand of the drug via the sales platform.

According to the Company's 2020 annual results announcement, one of the focus of the Company is on completing clinical trials and the eventual commercialisation of its current pipeline of drug candidates, particularly its core products, CMAB007, CMAB009 and CMAB008 over the short-term. Based on the current R&D progress of CMAB807, the Company believes that CMAB807 will potentially be one of the first-three-to-market denosumab biosimilar to be approved for commercialisation in the PRC. Taking into account the above factors, the executive Directors consider, and we concur, that the Acquisition in respect of the rights to use all patents, products and technology in connection with CMAB807 for its further R&D, manufacturing and commercialisation will enhance the Group's product offerings and increase market penetration in the PRC which in turn is expected to benefit the business of the Group in the long-run. The Acquisition is in line with the Company's development strategy and is conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the License Agreement

The principal terms of the License Agreement are set forth below:

(i) Scope of the CMAB807 License

The License Agreement was entered into on March 1, 2021 between Taizhou Pharmaceutical (as licensee) and Biomabs (as licensor). Biomabs shall irrevocably grant Taizhou Pharmaceutical a worldwide, exclusive and perpetual license for the rights to use all patents, products and technology in connection with CMAB807 for further R&D, manufacturing and commercialisation of CMAB807. The Licensed Rights cover both the products and underlying technology in connection with CMAB807 (e.g. R&D technology, experimental data, biological products samples, cells samples, assays, constructions, standard operating procedures, preclinical and clinical trial data, preparation techniques, experimental methods and knowledge).

Taizhou Pharmaceutical shall have the right to carry out further R&D, manufacturing and commercialisation of CMAB807, whether by itself or through engaging other parties, after approval is obtained from the relevant governmental authority and shall be entitled to any income generated from such sale. Taizhou Pharmaceutical shall also be entitled to sub-license all or part of the Licensed Rights and interests it obtained under the License Agreement to any third party without first obtaining any consent from Biomabs.

(ii) Term

The term of the CMAB807 License is perpetual and will become effective upon both parties having obtained their respective shareholders' approval.

(iii) Background information of CMAB807

CMAB807 is a denosumab, which has obtained the clinical trial approval for the indication of osteoporosis issued by the NMPA in the PRC and is currently undergoing phase III clinical trial. Further details of CMAB807 is set out in the paragraph headed "Background information of CMAB807" in the "Letter from the Board" contained in the Circular.

(iv) Consideration and payment terms

The total consideration for the CMAB807 License is RMB70 million, of which RMB30 million shall be payable by Taizhou Pharmaceutical within 20 Business Days after the License Agreement becomes effective. The remaining RMB40 million shall be payable by Taizhou Pharmaceutical within 20 Business Days after completion of the technology transfer. The consideration was determined based on the fair value of the Licensed Rights in CMAB807 in the PRC after arm's length negotiations between the Company and Biomabs, taking into account various factors, including but not limited to, the valuation of CMAB807 conducted by PG Advisory, an independent valuer, the status of the R&D of CMAB807, CMAB807's market potential in the PRC and the competitive landscape for acquiring potential biosimilar drug candidates in the PRC market.

As set out in the Valuation Report contained in Appendix II to the Circular, the fair value of the Licensed Rights in CMAB807 is RMB70 million as of September 30, 2020. As stated in the section headed "Connected Transaction in relation to the Acquisition of CMAB807" in the "Letter from the Board" contained in the Circular, considering that (i) there has been no significant progress in the R&D of CMAB807 (it is preparing for clinical trial and has not yet commenced patient enrollment); (ii) there has been no significant investment and/or expenses incurred in the R&D of CMAB807; and (iii) as advised by PG Advisory, there has been no material change to the multiple adopted in deriving the fair value of CMAB807 as at the end of February 2021, the Board is of the view that there is no material change in the valuation of CMAB807 subsequent to September 30, 2020 and the Valuation forms a fair and reasonable basis for the total consideration for the CMAB807 License.

The total consideration is payable in two stages (i.e. after the License Agreement becomes effective and the after completion of the technology transfer), which the executive Directors consider, and we concur, a reasonable basis.

(v) Closing

The technology transfer under the License Agreement shall be completed within 60 days upon the License Agreement becomes effective. Further details of the technology transfer are set out in the paragraph headed "Closing" under the section headed "Connected transaction in relation to the Acquisition of CMAB807" in the "Letter from the Board" contained in the Circular.

3. Valuation of the Licensed Rights in CMAB807

The Company engaged an independent professional valuer, PG Advisory (the "**Independent Valuer**"), to prepare the Valuation Report in respect of the fair value of the Licensed Rights in CMAB807. As set out in the Valuation Report contained in Appendix II to the Circular, the fair value of the Licensed Rights in CMAB807 is RMB70 million as of September 30, 2020 (the "**Valuation Date**"). In reviewing the Valuation Report, we have complied with the requirements under Rule 13.80(2)(b) Note 1(d) of the Listing Rules. In particular, we have discussed with the Independent Valuer its expertise and noted that the person signing the Valuation Report, a partner of the Independent Valuer, has more than 15 years of experience in the fields of finance and asset valuation in Hong Kong and the PRC. We also reviewed the Independent Valuer's terms of engagement and discussed with the Independent Valuer the work it has performed as regards the valuation.

As set out in the Valuation Report and based on our discussions with the Independent Valuer, market approach is adopted in deriving the fair value of the Licensed Rights in CMAB807 as of September 30, 2020. We have discussed with the Independent Valuer on their valuation methodologies and understand that there are three generally accepted approaches to appraise the fair value of the Licensed Rights in CMAB807, namely asset approach, income approach and market approach. As advised by the Independent Valuer, the Independent Valuer adopted the market approach in the valuation regarding the fair value of the Licensed Rights in CMAB807 since (i) CMAB807 is under development and did not generate any income as at the Valuation Date; and (ii) there are sufficient listed companies ("**Comparable Companies**") whose principal activities involve research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. As set out in the Valuation Report, Comparable Companies are selected with reference to various criteria, including, among others, principal activities, core product pipelines, and stage of development. In view of the above, we consider that the selection criteria adopted by the Independent Valuer in identifying the Comparable Companies are appropriate.

Under the market approach, the Independent Valuer adopted enterprise value to accumulative R&D costs multiple ("**EV/R&D**") for the valuation of the fair value of the Licensed Rights in CMAB807. We understand from the Independent Valuer that, EV/R&D multiple is adopted because, among others, (i) R&D costs are closely related to the development of CMAB807 and are the primary value driver of CMAB807 at its state of development; (ii) upon completion of the technology transfer, Taizhou Pharmaceutical will be granted the Licensed Rights covering both the products and underlying technology in connection with CMAB807; and (iii) it is a commonly used valuation multiple for pre-revenue biotech assets. As set out in the Valuation Report and as advised by the Independent Valuer, the use of other valuation multiples based on earnings or revenue is impracticable given the pre-revenue nature of CMAB807. As set out in the Valuation Report, the fair value of the Licensed Rights in CMAB807 is derived from applying the first quartile of the EV/R&D multiples of a total of 11 Comparable Companies as at the Valuation Date (the "**Market Multiple**") to the amount of accumulative R&D costs in CMAB807 up to the Valuation Date. The Independent Valuer advised us that the adopted Market Multiple was based on the first quartile of the EV/R&D multiples of the Comparable Companies after taking into account, among other things, the product development stage of CMAB807, the stage of development of the Comparable Companies' product pipelines and its professional judgement. We searched public information disclosed on Bloomberg and the relevant stock exchanges to verify the market capitalisation value, amount of debt and cash for calculating the enterprise values and R&D costs incurred for the 11 Comparable Companies identified by the Independent Valuer, and noted that the figures adopted by the Independent Valuer in the calculations of the Market Multiple are consistent with those disclosed publicly.

We have also reviewed and discussed with the Independent Valuer the methodology of, key basis and assumptions adopted for the valuation. General assumptions and considerations made by the Independent Valuer are set out in the Valuation Report contained in Appendix II to the Circular. Having taken into account the above, we concur with the Independent Valuer that the use of market approach based on EV/R&D multiple is appropriate method for deriving the fair value of the Licensed Rights in CMAB807.

Based on our understanding from the management of the Company, there has been no significant progress in the research and development of CMAB807 since September 30, 2020, the Valuation Date (i.e. it was preparing to undergo phase III clinical trial). We further understand from the management of the Company that there has been no significant investment and/or expenses incurred in the research and development of CMAB807 since the Valuation Date. Also, as advised by the Independent Valuer, there has been no material change to the multiple adopted in deriving the fair value of CMAB807 as at the end of February 2021. We have reviewed the calculations provided by the Independent Valuer (including the Company's R&D costs and multiple adopted) and noted that they are consistent with the above. On this basis, we concur with the Board that the valuation as at 30 September 2020 forms a fair and reasonable basis for determining the total consideration for the CMAB807 License. On this basis and taking into account the reasons and benefits of the Acquisition as set out in this letter above and that consideration for the CMAB807 License was determined based on, among others, the appraised value of the Licensed Rights in CMAB807, we consider the consideration for the CMAB807 License is fair and reasonable.

4. Financial effects on the Group

As the Group is a biopharmaceutical company in China focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases, the executive Directors consider that the Acquisition would enhance the Group's revenue base after the successful commercialisation of CMAB807 and have a positive impact on the Group's revenue and earnings.

As at 31 December 2020, the Group had cash and bank balance of approximately RMB484.8 million. The Board intends to fund the payment of the consideration for the CMAB807 License from its internal resources and proceeds from the global offering of the Company (approximately RMB20 million which is originally allocated for working capital and other general corporate purposes). Accordingly, the Group's balance of cash and bank would be decreased by the total consideration for the CMAB807 License of RMB70 million.

Taking into account the positive impact on the Group's revenue base after the successful commercialisation of CMAB807, we consider the Acquisition is in the interests of the Company and the Shareholders from a financial standpoint.

II CONTINUING CONNECTED TRANSACTIONS

A. THE CLINICAL TRIALS AGREEMENT

1. Background to and reasons for the Clinical Trials Agreement

As stated in the section headed "Reasons for and benefit of the Clinical Trials Agreement" in the "Letter from the Board" contained in the Circular, as the clinical trial approval for CMAB807 for the indication of osteoporosis was registered and commenced under the name of Biomabs and, under the relevant PRC laws, the Group would have to re-start the phase III clinical trials for CMAB807 if the applicant named under the clinical trials were changed from Biomabs to the Group or any other service provider. To avoid incurring additional costs and prolonging the time required for completing the clinical trials for CMAB807, the Group proposes to retain Biomabs to continue the clinical trials for CMAB807 by entering into the Clinical Trials Agreement with Biomabs.

Having considered the above and given that the transactions contemplated under the Clinical Trials Agreement will be conducted on normal commercial terms (as more particularly discussed in the paragraph headed "Principal terms of the Clinical Trials Agreement" below), the executive Directors consider, and we concur, that the entering into of the Clinical Trials Agreement is expected to facilitate and benefit the phase III clinical trial process of CMAB807 in terms of timing and costs and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Clinical Trials Agreement

Set out below is a summary of the principal terms of the Clinical Trials Agreement.

(i) Subject matter

The Clinical Trials Agreement was entered into on March 1, 2021 between Taizhou Pharmaceutical (as principal) and Biomabs (as agent). Pursuant to the Clinical Trials Agreement, Taizhou Pharmaceutical shall engage Biomabs to continue to develop and complete phase III clinical trials of CMAB807. The scope of services to be provided by Biomabs includes, but not limited to:

- continue to act as the applicant of the phase III clinical trials of CMAB807;
- enter into agreements with other clinical trial institutions (e.g. hospitals and CROs);
- continue to perform its obligations under agreements relating to the clinical trials of CMAB807 which Biomabs has already entered into before entering into the Clinical Trials Agreement; and
- conduct other activities which should be conducted by the applicant of the clinical trials of CMAB807.

In addition, Taizhou Pharmaceutical has the rights and interests in any data and research achievements generated in the course of phase III clinical trials of CMAB807 conducted by Biomabs.

(ii) Pricing Policy

On or before the 10th day of each calendar month, (i) both parties to the Clinical Trials Agreement shall confirm the amount of the expenses to be reimbursed in relation to the clinical trials of CMAB807, which have been paid by Biomabs on behalf of Taizhou Pharmaceutical (the "**Agreed Reimbursements**") for the previous calendar month; and (ii) Taizhou Pharmaceutical shall pay Biomabs such Agreed Reimbursements. The Agreed Reimbursement includes all expenses incurred by Biomabs for completing the phase III clinical trial of CMAB807, e.g. fees paid to third party service providers, including, but not limited to, Site Management Organisation (SMO), hospitals and analysis laboratories, etc. to be responsible for the arrangement of Clinical Research Coordinators (CRC) and the clinical trial sites for making non-medical judgments to ensure the smooth operation of the phase III clinical trials of CMAB807.

We understand from the executive Directors that the Company shall negotiate and agree the expenses to be incurred in the course of phase III clinical trials of CMAB807 with all relevant clinical trial institutions (e.g. hospitals and CROs) directly on an arm's length basis, and Biomabs will pay such agreed expenses to the relevant clinical trial institutions on behalf of Taizhou Pharmaceutical. Given such expenses are to be agreed between independent third parties and the Company on an arm's length basis and the Agreed Reimbursements to be made to Biomabs are dollar-for-dollar, and taking into account the internal control measures of the Group as set out in the sub-section headed "Internal control measures" below, we consider that the pricing of the transactions contemplated under the Clinical Trials Agreement will be on normal commercial terms.

As stated in the Company's 2020 annual results announcement, 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 credit term provided for the transactions contemplated under the Clinical Trials Agreement is within the range of the normal credit term of the Group's trade and other payables.

(iii) Term

From the effective date of the Clinical Trials Agreement to December 31, 2023 or completion of the phase III clinical trial of CMAB807, whichever is earlier. The Clinical Trials Agreement shall become effective upon both parties having obtained their respective shareholders' approval. The Company will negotiate with Biomabs and enter into a new clinical trial agreement if the phase III clinical trial of CMAB807 has not been completed on or before December 31, 2023.

3. The Proposed Annual Caps

The continuing connected transactions contemplated under the Clinical Trials Agreement are subject to the proposed annual caps for each of the year ending December 31, 2021, 2022 and 2023. The proposed annual caps, representing the estimated Agreed Reimbursements payable by Taizhou Pharmaceutical to Biomabs pursuant to the Clinical Trials Agreement, will not exceed the amount as stated in the 'Letter from the Board" contained in the Circular.

In arriving at the proposed annual caps in respect of the maximum aggregate Agreed Reimbursements under the Clinical Trials Agreement, the executive Directors have considered the historical transaction amounts of other similar products and the clinical trial expenses of CMAB807 expected to be incurred by the third parties, including, but not limited to, SMOs, hospitals and analysis laboratories. We understand from the executive Directors that the total expenses in relation to the clinical trials of CMAB807 is estimated mainly based on (a) the target patient population to be administered in the phase III clinical trial from each of 2021 to 2023 with reference to the estimated progress of the trial; and (b) the cost per patient to be incurred. We noted that the total target patient population used to estimate the proposed annual caps is consistent with the patient population of phase III clinical trial of CMAB807 published on the website of the NMPA (國家藥品監督管理局). As advised by the executive Directors, in estimating the cost per patient for determining the proposed annual caps, reference was made to (a) the actual costs incurred in the phase III clinical trial of another core product of the Company of similar nature (which has completed the phase III clinical trial in 2019), (b) the estimated inflation rate; and (c) the higher charging rate by the relevant organisations, hospitals and laboratories due to higher demand of clinical trial services in the market.

Taking into account the aforesaid factors, the proposed annual caps for the continuing connected transactions contemplated under the Clinical Trials Agreement are set as follows:

	Year ending December 31,		
	2021	**2022**	**2023**
	(RMB' million)	*(RMB' million)*	*(RMB' million)*
Maximum aggregated Agreed Reimbursements payable pursuant to the Clinical Trials Agreement	10	7	3

Having considered the above, we are of the view that the basis adopted by the executive Directors in estimating the proposed annual caps with respect to the Clinical Trials Agreement is reasonable.

B. THE CDMO AGREEMENT

1. Background to and reasons for the CDMO Agreement

As stated in the section headed "Reasons for and benefit of the CDMO Agreement" in the "Letter from the Board" contained in the Circular, the drugs used in the clinical trial approval for CMAB807 for the indication of osteoporosis was manufactured in Biomabs manufacturing facilities. Under the relevant PRC laws, the Group would have to produce the clinical trial samples again and re-start the clinical trials for CMAB807 if the Group would like to manufacture CMAB807 at other manufacturing sites. To avoid incurring additional costs and prolonging the time required for completing the clinical trials for CMAB807, the Group proposes to retain Biomabs to continue the clinical trials for CMAB807 and manufacture CMAB807, by entering into the CDMO Agreement with Biomabs.

Having considered the above and given that the transactions contemplated under the CDMO Agreement will be conducted on normal commercial terms (as more particularly discussed in the paragraph headed "Principal terms of the CDMO Agreement" below), the executive Directors consider, and we concur, that the entering into of the CDMO Agreement is expected to facilitate timely progressing towards commercialisation of CMAB807 and to avoid additional time and costs incurred and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the CDMO Agreement

(i) Subject matter

The CDMO Agreement was entered into on March 1, 2021 between Taizhou Pharmaceutical (as principal) and Biomabs (as supplier). Pursuant to the CDMO Agreement, Taizhou Pharmaceutical shall engage Biomabs to develop and manufacture CMAB807 in accordance with the marketing authorisation holder system under the Pharmaceutical Administration Law (藥品管理法) in the PRC including but not limited to (a) obtaining validation of the manufacturing process; (b) preparing all relevant documentation; and (c) applying to the NMPA for the new drug application.

(ii) Pricing policy

The fees payable under the CDMO Agreement is RMB48 million in total and will be payable in five instalments with each payable within 20 days upon the occurrence of certain agreed milestones of the commercialisation of CMAB807, starting from the effective date of the CDMO Agreement.

In addition, Biomabs can request for additional fees of up to RMB5 million to be paid by Taizhou Pharmaceutical in respect of additional works and expenses incurred due to changes in, among others, relevant laws and rules or as agreed between Taizhou Pharmaceutical and Biomabs.

As further discussed in the paragraph headed "The Proposed Annual Caps" below, we have reviewed the Industry Expert Report and noted the fees payable of RMB48 million under the CDMO Agreement is lower than the relevant market price for similar manufacturing services. In view of the above and taking into account the internal control measures of the Group as set out in the sub-section headed "Internal control measures" below, we consider that the pricing of the transactions contemplated under the CDMO Agreement will be on normal commercial terms.

The fees under the CDMO Agreement is payable in five instalments with each payable within 20 days upon the occurrence of certain agreed milestones of the commercialisation of CMAB807, which the executive Directors consider, and we concur, a reasonable basis. As stated in the Company's 2020 annual results announcement, 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 credit term provided for the transactions contemplated under the CDMO Agreement is within the range of the normal credit term of the Group's trade and other payables.

(iii) Terms

The term of the CDMO Agreement starts from the effective date of the CDMO Agreement to December 31, 2023. The CDMO Agreement shall become effective upon both parties having obtained their respective shareholders' approval. The Company will negotiate with Biomabs and enter into a new CDMO agreement if the phase III clinical trial of CMAB807 has not been completed on or before December 31, 2023.

3. The Proposed Annual Caps

The continuing connected transactions contemplated under the CDMO Agreement are subject to the proposed annual caps for each of the years ending December 31, 2021, 2022 and 2023. The proposed annual caps, representing the fees payable pursuant to the CDMO Agreement, will not exceed the amount as stated in the 'Letter from the Board" contained in the Circular.

In arriving at the proposed annual caps in respect of the maximum fees payable by Taizhou Pharmaceutical to Biomabs under the CDMO Agreement, the executive Directors have considered (i) the purchase price of similar services in the open market under the same conditions, which would amount to approximately RMB120 million; and (ii) the costs of applying for the new drug application and antibody drugs preparation incurred by other companies engaged in the same industry as the Group. We understand from the executive Directors that the total fees in relation to the development and manufacturing of CMAB807 is estimated mainly based on the volume and cost per batch of CMAB807 to be produced in each of 2021, 2022 and 2023, which are agreed with the management of Biomabs. The production volume for each year is agreed between the parties based on the estimated progress of the new drug application of CMAB807, aiming at successful application by 2023. We noted that the cost for the development and manufacturing of CMAB807 to be charged by Biomabs under the CDMO Agreement is lower than the average market price of approximately RMB120 million based on the Industry Expert Report, which the executive Directors consider favourable to the Company.

Taking into account the aforesaid factors, the proposed annual caps for the continuing connected transactions contemplated under the CDMO Agreement are set as follows:

	Year ending December 31,		
	2021	**2022**	**2023**
	(RMB' million)	*(RMB' million)*	*(RMB' million)*
Fees payable pursuant to the CDMO Agreement	20	15	18

Having considered the above, we are of the view that the basis adopted by the executive Directors in estimating the proposed annual caps with respect to the CDMO Agreement is reasonable.

C. INTERNAL CONTROL MEASURES

The Group has adopted internal control procedures in relation to its connected transactions. As advised by the executive Directors and as noted from the internal memorandum with respect to the internal control measures of connected transactions provided by the Company, the key procedures are set out below:

(a) The Company's connected transactions are carried out in accordance with the relevant provisions of the Listing Rules;

(b) The Group's legal department is responsible for the identification of connected persons and connected transactions. The finance department of the Group is responsible for recording and reporting of continuing connected transactions and to ensure that the annual caps are not exceeded. In addition, the internal control department of the Group will monitor the continuing connected transactions to ensure that they are conducted in accordance with the terms of the relevant agreements;

(c) The audit committee of the Board is responsible for the confirmation of the list of connected persons and the review of the Group's significant connected transactions on a regular basis;

(d) Prior to entering into any agreement, the Company requires the connected person and independent service/product providers to provide quotations with respect to the services/products. The Company will evaluate and compare the terms of the quotations received to ensure that the terms of the connected transaction agreements are fair and reasonable and no less favourable to the Company than those available from independent third parties;

(e) The pricing of connected transactions shall be fair and reasonable with reference to the following principles, including but not limited to:

- If the transaction is subject to the government guidance price, the price should be directly applied or within the price range set out by the government; and

- Other than the government guidance price, the transaction price can be determined with reference to comparable transactions with independent third parties or market charging standard.

We consider that the abovementioned measures are in the interests of the Independent Shareholders as their interests are safeguarded by (a) obtaining and comparing fee quotations from independent third party service/products providers; and (b) the monitoring and reviewing process to be carried out by different departments and the audit committee of the Board to ensure the terms of connected transactions are in accordance with the relevant agreements and no less favourable to the Group than those available to the Group from independent third parties.

D. CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS

In compliance with the Listing Rules, the Continuing Connected Transactions are subject to a number of conditions which include, among other things:

(i) the Proposed Annual Caps for the Continuing Connected Transactions for each of the financial year ending December 31, 2021, 2022 and 2023 will not be exceeded;

(ii) the independent non-executive Directors must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions and confirm in the Company's annual report whether the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(iii) the auditors of the Company must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions and they must confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company) whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the Continuing Connected Transactions; and

(d) have exceeded the Proposed Annual Caps with respect to the Continuing Connected Transactions;

(iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters as required;

(v) the Company must allow, and ensure that Biomabs allows, the auditors of the Company sufficient access to their records of the Continuing Connected Transactions for the purpose of the auditors' reporting on the Continuing Connected Transactions. The Board must state in the annual report whether the auditors of the Company have confirmed the matters set out in Rule 14A.56 of the Listing Rules; and

(vi) the Company must comply with the applicable provisions of the Listing Rules governing continuing connected transactions in the event that the total amount of the Continuing Connected Transactions exceeds the relevant Proposed Annual Caps, or that there is any material amendment to the terms of the Clinical Trials Agreement and the CDMO Agreement.

In light of the conditions imposed on the Continuing Connected Transactions, in particular, (1) the limit of the value of the Continuing Connected Transactions by way of the relevant Proposed Annual Caps; (2) the on-going review by the independent non-executive Directors and auditors of the Company regarding the terms of the Continuing Connected Transactions; and (3) the on-going review by the auditors of the Company confirming the relevant Proposed Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that (1) the terms of the License Agreement, the Clinical Trials Agreement and the CDMO Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (2) the entering into of the the License Agreement, the Clinical Trials Agreement and the CDMO Agreement are in the interests of the Company and the Shareholders as a whole; (3) the Acquisition and the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition, the License Agreement, the Clinical Trials Agreement (including the Proposed Annual Caps) and the CDMO Agreement (including the Proposed Annual Caps).

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Stephanie Chow
Director

Ms. Stephanie Chow is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She has over ten years' experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest[(1)]
Mr. Guo Jianjun (郭建軍)	Interest in controlled corporation (L)[(2)]	2,227,000,000	54.00%
Dr. Wang Hao (王皓)	Beneficial owner (L)[(3)]	24,827,006	0.60%
Mr. Li Yunfeng (李雲峰)	Beneficial owner (L)[(3)]	3,236,234	0.08%
Dr. Li Jing (李晶)	Beneficial owner (L)[(3)]	3,236,234	0.08%
Mr. Tao Jing (陶靜)	Beneficial owner (L)[(3)]	3,236,234	0.08%
	Interest of spouse (L)[(3)]	75,192	0.002%

Notes:

(1) As at the Latest Practicable Date, the total number of issued shares of the Company was 4,124,080,000 Shares.

(2) The Company is held as to 49.95% and 4.05% by Asia Mabtech and United Circuit, respectively. United Circuit is held as to 68.89% by Asia Mabtech, which is wholly-owned by Asia Pacific Immunotech Venture which is in turn wholly-owned by the Guo Family Trust, of which Mr. Guo Jianjun is the settlor. As such, Mr. Guo Jianjun is deemed or is taken to be interested in 167,025,000 Shares beneficially owned by United Circuit and 2,059,975,000 Shares beneficially owned by Asia Mabtech for the purpose of Part XV of the SFO.

(3) These interests represented the share options granted under the Pre-IPO Share Option Scheme (as defined in the Annual Report). For details, please refer to Note 28 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements contained in the annual report of the Company published on April 24, 2020 (the "**Annual Report**").

Save as disclosed above, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified under Division 7 and 8 of Part XV of the SFO or recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' interests and short positions in the Shares and underlying shares

As at the Latest Practicable Date, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, as recorded in the register required to be kept under Section 336 of SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest[1]
Asia Mabtech[1]	Beneficial owner (L); Interest in controlled corporation (L)	2,227,000,000	54.00%
United Circuit[1]	Beneficial owner (L)	167,025,000	4.05%
Guo Family Trustee[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
Asia Pacific Immunotech Venture Limited[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
Mr. Guo Jianjun[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
CDH Mabtech Limited ("**CDH PE**")[2]	Beneficial owner (L)	742,348,180	18.00%
CDH Fund V, L.P. ("**CDH Fund**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
CDH V Holdings Company Limited ("**CDH V**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
China Diamond Holdings V Limited ("**CDH Diamond V**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
China Diamond Holdings Company Limited ("**China Diamond**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
Fortune-Healthy Investment Limited ("**FH Investment**")[3]	Beneficial owner (L)	213,435,680	5.18%
Link Best Capital Limited[3]	Interest in controlled corporation (L)	213,435,680	5.18%

Notes:

(1) The Company is held as to 49.95% and 4.05% by Asia Mabtech and United Circuit, respectively. United Circuit is held as to 68.89% by Asia Mabtech, which is wholly-owned by Asia Pacific Immunotech Venture which is in turn wholly-owned by the Guo Family Trust, of which Mr. Guo Jianjun is the settlor and Guo Family Trustee is the trustee. As such, Mr. Guo Jianjun is deemed or is taken to be interested in 167,025,000 Shares beneficially owned by United Circuit and 2,059,975,000 Shares beneficially owned by Asia Mabtech for the purpose of Part XV of the SFO.

(2) The Company is held as to 18.00% by CDH PE. CDH PE is wholly-owned by CDH Fund. Pursuant to the SFO, CDH Fund is therefore deemed to be interested in the shares held by CDH PE. CDH Fund is controlled by CDH V, which in turn held as to 80% by China Diamond V. China Diamond V is in held as to 100% by China Diamond which is held by independent third parties.

(3) FH Investment is a direct wholly-owned subsidiary of Link Best Capital Limited, which is held by independent third parties.

Saved as disclosed above, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or is not terminable by the Company within one (1) year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since December 31, 2019, being the date to which the latest published audited financial statements of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this Circular and the Prospectus, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2019, the date to which the latest published audited financial statement of the Group were made up.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against either the Company or any member of the Group.

7. EXPERTS AND CONSENTS

(a) The following is the qualification of each of the experts (the "**Experts**") who has given opinion or advice contained in this circular:

Name	Qualification
Shanghai PG Advisory Co., Ltd	an independent valuer qualified in the PRC
Somerley Capital Limited	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the License Agreement, the Clinical Trials Agreement and the CDMO Agreement and the transactions contemplated thereunder

(b) As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of the Experts has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its report and references to its name in the form and context in which it appears.

(d) As at the Latest Practicable Date, each of the Experts had no interest in any asset which have been since December 31, 2019 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. MISCELLANEOUS

(a) The registered office of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is Room A, 18/F, Hong Xiang Centre, 83 Queen's Road East, Wanchai, Hong Kong.

(c) The joint company secretaries of the Company are Mr. Li Yunfeng and Mr. Tsang Ho Yin (who was admitted as a solicitor in Australia and Hong Kong).

(d) The principal share registrar of the Company in Cayman Islands is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

(e) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The English text of this Circular and the proxy form shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company, at Room A, 18/F, Hong Xiang Centre, 83 Queen's Road East, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day for a period of 14 days from the date of this Circular ("**Business Day**", in this context, shall mean a day (excluding Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong):

(a) the memorandum of association and the amended and restated bye-laws of the Company;

(b) the License Agreement;

(c) the Clinical Trials Agreement;

(d) the CDMO Agreement;

(e) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this Circular;

(f) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this Circular;

(g) the letter of advice from Somerley Capital Limited, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this Circular;

(h) the Valuation Report; and

(i) the written consents from the experts as referred to in the paragraph headed "Experts and Consents" of this appendix.

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Shanghai PG Advisory Co., Ltd., an independent valuer, in connection with its valuation of CMAB807. Terms defined in this appendix applies to this appendix only.

1. EXECUTIVE SUMMARY

Taizhou Mabtech Pharmaceutical Limited*
泰州迈博太科药业有限公司

Dear Sirs or Madams,

In accordance with your instructions, as confirmed in our engagement agreement dated October 13, 2020 ("**Engagement Agreement**") between Taizhou Mabtech Pharmaceutical Limited* 泰州迈博太科药业有限公司 (the "**Client**", the "**Company**", "**邁博**" or "**you**") and Shanghai PG Advisory Co., Ltd. ("**PG Advisory**" or "**we**"), we have performed valuation procedures to assess the market value of Pipeline 807 (the "**Target Pipeline**") of Shanghai Biomabs Pharmaceuticals Co., Ltd.* 上海百迈博制药有限公司 ("**百邁博**") as of September 30, 2020 (the "**Valuation Date**").

This report has been prepared solely for your internal reference purpose and is not intended for any legal or court proceedings, general circulation, publication or reproduction in any form without our prior written consent, and should not be relied upon for any other purpose. This report is strictly confidential and (save to the extent required by applicable law and/or regulation) must not be released to any third party without our express written consent which is at our sole discretion.

We acknowledge that this report may be made available to the Client for public documentation purpose only. We assume no responsibility whatsoever to any person other than the Client in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

Our report is not intended to be the sole basis for investment decisions and any actions you take must ultimately remain a decision for you, taking into account matters outside the scope of our work of which you are aware.

To the fullest extent permitted by law, we accept no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the "**Information**"). Accordingly, regardless of the form of action, whether in contract, tort (including, without limitation, negligence) or otherwise, and to the extent permitted by applicable law, we accept no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

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The Information used by us in preparing this report has been obtained from a variety of sources as indicated within the report. Business profiles, historical financial data and the key assumptions used in our analysis and as set out in the report are the responsibility of the Management of the Client (the "**Management**"). Please note that the procedures and enquiries undertaken by us in preparing this report do not include any verification work, nor do they constitute an examination made in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, except where otherwise stated herein, and no assurance is given.

Unless stated otherwise, information furnished by others, upon which all of this report is based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

No responsibility is taken for changes in market conditions, and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the report date hereof.

By its very nature, value analysis work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value and we normally express our assessment of value as falling within a likely range. Although the recommendations expressed in our report will be based on methods and techniques that we consider appropriate under the circumstances, we cannot guarantee that such values or ranges of value will be accepted by other parties.

We make no representation regarding the sufficiency of our work either for purposes for which this report has been requested or for any other purpose. The sufficiency of the work we performed is solely the addressee's responsibility, as are any decisions with respect to the analysis results of the Target Pipeline.

The reported analyses, opinions, and conclusions are subject to the assumptions and limiting conditions as stated in the report, and the users of the report should give full consideration of the assumptions, limiting conditions and disclosure of special issues and their impact on the concluded value.

We hereby certify that we have neither present nor prospective interests in the Target Pipeline, the Client or the value reported.

Based upon the investigation, analysis and the valuation method employed in this report, the market value of Pipeline 807 of 百邁博 as of the Valuation Date is as follows: (in thousands of RMB):

Value of Pipeline

	2020/9/30
Accumulative R&D Expenses	85,810
Enterprise Value/R&D	0.81
Value of Target Pipeline (rounded)	70,000

Respectfully Submitted,

For and on behalf of
Shanghai PG Advisory Co.,Ltd.

2. INTRODUCTION

2.1 Background of Valuation

Taizhou Mabtech Pharmaceutical Limited* 泰州迈博太科药业有限公司 (the "**Client**", the "**Company**", "**邁博**" or "**you**") intends to purchase Pipeline 807 (the "**Target Pipeline**") from Shanghai Biomabs Pharmaceuticals Co., Ltd.* 上海百迈博制药有限公司 ("**百邁博**").

2.2 Purpose of Valuation and Scope

The Client engaged us to perform valuation analysis to assess the market value of Pipeline 807 of 百邁博 as of September 30, 2020 (the "**Valuation Date**") for the internal reference purpose.

The basis of our valuation is market value, which is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

2.3 Valuation Date

The Valuation Date is September 30, 2020.

2.4 Scope of Work

2.4.1 Limitation of scope

Our value analysis was based on the information relating to the operations and financial performance of the Target Pipeline provided by the Management. To read this report, please refer to the below limitations:

- We make no representation regarding the sufficiency of our work either for purposes for which this report has been requested or for any other purpose. The sufficiency of the work we performed is solely the addressee's responsibility, as are any decisions with respect to the analysis results of the Target Pipeline.

- This report is prepared solely based on the financial information provided by and the discussion with the representatives of Management. We have not performed any audit, due diligence or verification procedures to satisfy ourselves with respect to the accuracy and validity of the information provided, and accordingly make no representations as to the reliability and accuracy of such information.

- Our work composes of telephone discussion with the Management and limited industry research. Our calculation is based on the information provided by the Client.

- Upon the confirmation of the Management, we have performed the relative procedures to analyze the indicative value of the Target Pipeline as of the Valuation Date.

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- Despite we have discussed with the Management about the key operation and financial performance of the Target Pipeline, the use of our work product will not supplant other necessary due diligence which they should conduct in reaching business decisions.

- If we were requested to perform some further work procedures beyond our scope to obtain some further information, our analysis result may be different.

- We understand that you will not rely solely on our deliverables and your use of the results of our analysis shall not supplant other analyses and inquiries which you should conduct. We are not required to make specific purchase or sale recommendations.

- In performing our services, we will not carry out an audit or other assurance engagement in accordance with applicable professional standards. Accordingly, we provide no audit opinion, attestation or other form of assurance with respect to our work or the information upon which our work was based.

2.4.2 Work not carried

We have NOT carried out any work in the following areas:

- Financial and tax due diligence,

- Legal due diligence,

- Review of transfer pricing strategy,

- Commercial, operational or market due diligence,

- Technology due diligence,

- Statutory value,

- Macro-economic estimation,

- The external marketplace (market size), segmentation, growth trends, the competitive environment (key competitors, market shares),

- Audit of the Target Pipeline's financial/tax information, or review of accounting/tax policy,

- Structuring advice relating to the transaction (taxation and/or accounting issues),

- The Target Pipeline's strategic positioning strategies,

- IT due diligence, if any,
- Human resource management analysis, and

Any investment or pricing decision (including recommending whether the Transaction should proceed).

3. COMPANY OVERVIEW

Taizhou Mabtech Pharmaceutical Limited* 泰州迈博太科药业有限公司

Shanghai Biomabs Pharmaceuticals Co., Ltd.* 泰州迈博太科药业有限公司, founded in 2015, focuses on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. The company is in process of constructing three cGMP-certified workshops, each consisting of a 3*1,500L bioreactor system at its production site, as well as corresponding purified production lines.

Shanghai Biomabs Pharmaceuticals Co., Ltd.* 上海百迈博制药有限公司

Shanghai Biomabs Pharmaceuticals Co., Ltd.* 上海百迈博制药有限公司,founded in 2009, is engaged in the R&D and achievement transfer of monoclonal antibody based biological products. It is one of the earliest biomedical enterprises in China to enter the field of antibody drugs.

Pipeline 807 of 百邁博 is effective in treatment of osteoporosis and bone metastasis.

4. ECONOMIC OUTLOOK

A good analysis of an enterprise or the equity value of an enterprise should take the current condition and the outlook of the economy into account. The following discussions are excerpted from the China Economy issued by CMB International Securities in January 2021.

China's economy advanced further toward pre-pandemic levels. GDP increased 6.5% YoY in the fourth quarter of 2020, exceeding long-term trend line and was primarily boosted by booming industrial production and catching-up of the tertiary sector. Annual GDP growth was 2.3% YoY in 2020 (-6.8%/3.2%/4.9% in 1Q/2Q/3Q). Household disposable income growth and employment conditions also improved in pace with macroeconomic recovery in the fourth quarter of 2020. While we stay positive on China's economic recovery bolstered by vaccines worldwide, we point to some risk factors, including the resurgence of COVID-19 cases and consumption uncertainties.

Industrial production achieved broad-based acceleration in Dec 2020, boosted by both export and domestic demand. Industrial output increased 7.3% YoY in Dec 2020 and 7.1% in the fourth quarter, lifting annual growth to 2.8% in 2020. high-tech manufacturing speeded up to grow 13.1% in Dec. Equipment and machinery manufacturing growth also outpaced.

* *For identification purposes only*

FAI strengthened by manufacturing and real estate in Dec 2020. Manufacturing FAI achieved double-digit growth in both Nov and Dec 2020, narrowing annual decline to 2.2%. It could gain stronger footing in 2021 on back of global economic recovery, technological advance and government support. Real estate investment stood up well thanks to robust construction expenditure and land acquisition spending, increased 7.0% in 2020. It may edge down to around 5% in 2021, resulting primarily from the cool down of land market. Infrastructure FAI decelerated to around 0% in the month of Dec 2020 partly due to cold weather conditions.

Retail sales increased 4.6% YoY and 1.24% MoM in Dec 2020, decelerating mildly after some demand has been exhausted during the Nov shopping festival. Sales of cosmetics, jewelry, consumer electronics and automobiles decelerated in Dec 2020 compared to Nov 2020. Catering revenue, however, speeded up to increase 3.6% YoY in Dec 2020 for the above-designated-size sample and 0.4% YoY for the whole sample, indicating continued recovery.

The risks are as follows: Resurgence of new COVID-19 cases. As of 17 Jan 2021, 1,265 new COVID-19 cases were reported this year, including 1,020 local cases primarily in Hebei and the northeast provinces. Beijing also reported scattered cases. Although the rest of China remains safe and economic activities are intact, we should be alerted to risks regarding regional economies of affected provinces. Policy guidance of avoiding travel during the Chinese New Year would also have bitter ramifications on airline and travel-related industries and may imply meaningful changes in household consumption behavior and economic data in first quarter of 2021. Lack of consumption boost. Although last year's low base is likely to spook double-digit retail sales growth in 2021, there still remain uncertainties regarding consumption growth after demand for durables are gradually exhausted.

5. INDUSTRY CONDITIONS

The following discussion were extracted from "Anti-Tumor Drugs Market Size, Share & Trends Analysis Report by Application, Regional Outlook, Competitive Strategies, And Segment Forecasts, 2019 To 2025" issued in 2019 by Grand View Research.

The global anti-tumor drugs market is expected to witness significant growth over the forecast period. The market growth may be attributed to increasing demand and continuous development in the field of medicine. However, high cost and the side effects associated with these drugs may act as a challenge to the companies.

Rising incidences of different types of cancer, availability of various therapy options, upcoming patents, and developments in the field of medicine are expected to escalate the industry growth. Anti-tumor drugs market can be segmented depending upon the type of tumor, blood cancer accounting for the highest share, owing to the high cost of therapies. These medicines find applications in different healing methods namely surgical, chemotherapy, radiation, targeted, and immunotherapy. Various other methods such as blood transfusion and stem cell transplant are implemented for particular types of tumor/cancer. Immunotherapy and targeted therapy techniques portray healthy potential for growth owing to the lack of side effects and specialized targeted response.

Targeted therapy though primarily a chemotherapy method may observe a significant market rise due to the R&D involved. This technique aims to cure tumors using specially engineered drugs, which act only at the desired targeted regions in the body, causing little or no harm to the surrounding areas. Targeted therapy comprises of two types of drugs: monoclonal antibody and small molecule drugs. Monoclonal antibody drugs, such as Rituximab and Panitumumab, include man-made immune system proteins, which are growing in living cell cultures. The ongoing research and technological innovations in the field of Biotechnology are expected to boost the effectiveness and availability of these monoclonal antibody drugs. The industry may also witness the rise of immunotherapy drugs, such as Imatinib, which aim at stimulating the immune system to act against the cancerous cells. These therapies constitute modern methods of treating tumors/cancers, and the industry is witnessing a shift from older techniques such as radiation therapy, which often caused side effects. However, these therapies may only be used to treat specific types of tumors/cancers and as such the industry possesses growth potential for other therapy techniques as well.

Key players such as Roche, Novartis, and Celgene dominate with close to 70% market share in the industry. Drug manufacturing companies encounter various product pipelines and aim to capitalize on different phases of the product life-cycle. Roche, a Switzerland-based drug manufacturer, enjoys the largest share owing to high success rates of its drugs, better life-cycle management, and maximum extension of its inline products. The expected growth and size of the market act as influential factors for companies to opt for mergers and acquisitions, which leads them to adopt various product pipelines for further development purposes. Firms develop core competencies in specific drugs, owing to substantial investments in research and development. Novartis, another Swiss drug manufacturer, has a stronger pipeline for oncology-related drugs than the market leader Roche and has acquired the oncology unit of GlaxoSmithKline.

The anti-tumor drugs market is concentrated in the North American region and together with Europe accounts for over 60% of the market share. The Asian and African economies possess a substantial growth opportunity owing to high cancer mortalities and bleak availability of effective drugs. Chinese and Japanese drug manufacturers dominate the Asian market with over 60% of the regional share.

Anti-tumor drug delivery into the human system continues to be a major challenge in this field and companies are coming up with innovative methods such as using radioactive micro-particles to direct the drug to the required site accurately. Research in the areas of viral and bacterial oncology, gene therapy, and antiangiogenic agents are expected to impact industry growth positively.

The growing number of cancer patients with unmet medical conditions and high mortality rates in some regions may continue to act as a key growth factor. Innovative drugs and therapy techniques coupled with improved diagnosis are expected to fuel product demand. The high price of these medicines and treatments may continue to act as a challenge to industry growth.

6. VALUATION METHODOLOGY

6.1 Approaches of Valuation

In developing our opinions, we considered all three approaches to value for the asset types and chose the most appropriate approach or approaches for each. Our conclusions rely on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us. The three approaches to value are summarized as follows:

The cost approach is a technique that uses the reproduction or replacement cost as an initial basis for value. The cost to reproduce or replace the subject asset with a new asset, either identical (reproduction) or having the same utility (replacement), establishes the highest amount a prudent investor is likely to pay. To the extent that the asset being valued provides less utility than a new one, due to physical deterioration, functional obsolescence, and/or economic obsolescence, the value of the subject asset is adjusted for those reductions in value. Adjustments may be made for age, physical wear and tear, technological inefficiencies, changes in price levels, and reduced demand, among other factors.

The market (sales comparison) approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the Valuation Date. The process is essentially that of comparison and correlation between the subject asset and similar assets that have recently sold or are offered for sale in the market. The transaction or offering prices of the comparable assets are adjusted for dissimilarities in characteristics including location, age, time of sale, size, and utility, among others. The adjusted prices of the comparable assets provide an indication of value for the subject asset.

The income approach explicitly recognizes that the current value of an asset (liability) is premised on the expected receipt (payment) of future economic benefits (obligations) generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the Valuation Date.

In this valuation, we rely upon the market approach (EV/R&D) to determine the business enterprise value of Target Pipeline. Such method and multiple are adopted with consideration of the following factors:

- The Target Pipeline has no revenue and profit except R&D activities,
- The R&D is closely related to the development stage of the Target Pipeline, which is a key value driver in biotech/pharmaceutical industry,

- As the buyer of the Target Pipeline, the Company has access to the information related to the R&D activities of the Target Pipeline,

- The market information from comparable listed companies is relatively easier to collect, although the number of such listed companies may be limited.

6.2 Market Approach

In this valuation exercise, we applied the Market Approach by analyzing certain listed companies engaged in biotech/pharmaceutical industry with publicly available information, calculating the applicable multiples.

6.2.1 Value Multiple Selection

Value multiples usually include earning multiple, assets multiple, revenue multiple and other specific multiple. When selecting, calculating and applying value multiples, we usually consider:

- The multiple selected is reasonable,

- The multiple calculated is apple to apple,

Since this transaction has been considered as a purchase and sale of assets, with reference to the industry and financial performance of the Target Pipeline, we select the proper multiple. The multiple of Enterprise Value/R&D expenses is selected. The calculation of Enterprise Value ("**EV**") is described as follows:

EV=Market Capitalization +Debt +Preferred Shares +Minority Interest–Cash &Short-term Investment.

R&D expenses is accumulative research and development expenses plus research-related intangible assets (namely, capitalized R&D expenses). All related data mentioned above is derived from Capital IQ.

6.2.2 Comparable Company Selection

Upon the discussion with the Management and widely research on publicly available information, we have identified the following comparable listed companies that operate similar business with Target Pipeline. Such companies are adopted with consideration of the following factors:

- Comparable companies' main business includes development and production drugs for cancer and immune diseases.

- The product candidates of comparable companies are mainly in clinical stage.

- Related data (including market capitalization, R&D expenses and intangible assets of comparable companies) are disclosed.

Descriptions of selected comparable companies are as follows:

Mabpharm Limited (SEHK:2181)

Mabpharm Limited, a biopharmaceutical company, focuses on the research, development, and production of drugs and biosimilar drugs for cancers and autoimmune diseases in China. Its products under the Phase III clinical trial include CMAB007, a recombinant humanized anti-IgE monoclonal antibody for treatment of asthma patients, CMAB009, a recombinant anti-EGFR chimeric monoclonal antibody for the first-line treatment of metastatic colorectal cancer. The company is also developing CMAB819 that is in Phase I clinical trial for the treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma, and head and neck squamous cell carcinomas, and CMAB809 that is in Phase I clinical trial for the treatment of HER2 overexpressing breast cancer and metastatic gastric cancer. The company was founded in 2018 and is headquartered in Taizhou, China.

SinoMab BioScience Limited (SEHK:3681)

SinoMab BioScience Limited, a biopharmaceutical company, engages in the research, development, manufacture, and commercialization of therapeutics for the treatment of immunological diseases, primarily mAb-based biologics. Its flagship product is SM03, a first-in-target anti-CD22 mAb, which is in Phase III clinical trial for the treatment of rheumatoid arthritis (RA), as well as in various clinical stages for other immunological diseases, such as systemic lupus erythematosus (SLE), Sjogren's syndrome (SS), and non-Hodgkin's lymphoma (NHL). The company also focuses on developing SN1011, a BTK inhibitor, which is Phase I clinical trial for the treatment of RA, SLE, pemphigus, and other immunological diseases. The company operates in Mainland China and Hong Kong. SinoMab BioScience Limited was founded in 2001 and is headquartered in Pak Shek Kok, Hong Kong.

Kintor Pharmaceutical Limited (SEHK:9939)

Kintor Pharmaceutical Limited, a biopharmaceutical company, engages in the research and development of drugs for the treatment of various cancers and other androgen receptor (AR) – related diseases in China, the United States, and Taiwan. The company's lead drug candidates include Proxalutamide, a small molecule second generation AR antagonist that is in various clinical trials for metastatic castration-resistant prostate cancer and breast cancer, and Pyrilutamide, which is in various clinical trials for androgenetic alopecia and acne vulgaris. It also develops ALK-1 for the treatment of metastatic hepatocellular carcinoma and liver cancer, Detorsertib, a second-generation mTOR inhibitor for the treatment of metastatic solid tumours, and GT1708F, for the treatment of leukaemia and basal-cell carcinoma. The company was founded in 2009 and is headquartered in Suzhou, China.

OncoSec Medical Incorporated (NasdaqCM:ONCS)

OncoSec Medical Incorporated, a biotechnology company, focuses on developing cytokine-based intratumoral immunotherapies to stimulate the body's immune system to target and attack cancer. The company's lead product candidate is ImmunoPulse IL-12 that uses electroporation device to deliver a DNA-encoded interleukin-12 (IL-12) for reversing the immunosuppressive microenvironment in the treated tumor. It is also developing ImmunoPulse IL-12 with KEYTRUDA in patients with advanced melanoma that is in Phase IIb clinical trials (KEYNOTE-695) and advanced or metastatic triple negative breast cancer (TNBC), which is in Phase II clinical trials (KEYNOTE-890), ImmunoPulse IL-12 and KEYTRUDA in patients with advanced or metastatic melanoma that has completed Phase II clinical trials, and ImmunoPulse IL-12 monotherapy in patients with metastatic melanoma, which has completed the Phase II clinical trials. OncoSec Medical Incorporated was founded in 2008 and is headquartered in Pennington, New Jersey.

Genkyotex SA (ENXTPA:GKTX)

Genkyotex SA, a biopharmaceutical company, develops oral small molecule NOX therapies. Its platform enables the identification of orally available small-molecules that selectively inhibit NOX enzymes amplifying various disease processes, such as fibrosis, inflammation, pain processing, cancer development, and neurodegeneration. The company's lead product candidate is GKT831, a NOX1 and NOX4 inhibitor, which is evaluated in a Phase II clinical trial in primary biliary cholangitis a fibrotic orphan disease and in an investigator-initiated Phase II clinical trial in type 1 diabetes and kidney disease. Its preclinical stage product candidate is GKT771, a NOX1 inhibitor targeting various pathways in pain processing and inflammation. Genkyotex SA has a license agreement with Serum Institute of India Ltd. for GTL003, an antigen for use in the development of acellular multivalent combination vaccines against a variety of infectious diseases. The company was founded in 2006 and is headquartered in Labège, France.

NuCana plc (NasdaqGS:NCNA)

NuCana plc, a clinical-stage biopharmaceutical company, engages in the development of products for the treatment of cancer. The company develops its products based on its proprietary ProTide technology. Its lead product candidate includes Acelarin, which is in Phase I clinical trial for patients with advanced solid tumors; Phase Ib for patients with recurrent ovarian cancer; Phase III clinical trials for the treatment of patients with biliary tract cancer; Phase II clinical trial for the treatment of patients with platinum-resistant ovarian cancer; and Phase III clinical trial for the treatment of patients with metastatic pancreatic cancer. The company is also developing NUC-3373, a ProTide transformation of the active anti-cancer metabolite of 5-fluorouracil, which is in Phase I clinical trial for the treatment of patients with advanced solid tumors; and NUC-7738, a nucleoside analog that is in Phase I clinical trial for the treatment of patients with advanced solid tumors and hematological tumors. NuCana plc was incorporated in 1997 and is headquartered in Edinburgh, the United Kingdom.

Actinium Pharmaceuticals, Inc. (AMEX:ATNM)

Actinium Pharmaceuticals, Inc., a clinical stage biopharmaceutical company, developing Antibody Radiation-Conjugates (ARCs). The ARCs selectively kill patient's cancer cells and certain immune cells prior to a BMT or Bone Marrow Transplant, CAR-T and other cell therapies or gene therapy to enable engraftment of these transplanted cells with minimal toxicities. It also offers Iomab-B (I-131 apamistamab), which is in a phase III study for Elderly Relapsed or Refractory Acute Myeloid Leukemia (SIERRA) trial for BMT conditioning. The company is also developing a multi-disease, multi-target pipeline of clinical-stage ARCs targeting the antigens CD45 and CD33 for targeted conditioning and as a therapeutic either in combination with other therapeutic modalities or as a single agent for patients with a broad range of hematologic malignancies including acute myeloid leukemia, myelodysplastic syndrome and multiple myeloma. The company was founded in 2000 and is based in New York.

ERYTECH Pharma S.A. (ENXTPA:ERYP)

ERYTECH Pharma S.A., a clinical-stage biopharmaceutical company, develops red blood cell-based therapeutics for cancer and orphan diseases in France and the United States. Its lead product candidate is eryaspase, which is in Phase 3 clinical development for the treatment of second-line pancreatic cancer, and in Phase 2 stage for the treatment of triple-negative breast cancer and second-line acute lymphoblastic leukemia patients. The company also engages in developing erymethionase, a preclinical product candidate that consists of methionine-γ-lyase in red blood cells to target methionine-dependent cancers. The company was incorporated in 2004 and is headquartered in Lyon, France.

Immunotech Biopharm Ltd (SEHK:6978)

Immunotech Biopharm Ltd, a cellular immunotherapy biopharmaceutical company, focuses on the research, development, and commercialization of T cell immunotherapy products for the treatment of cancers in the People's Republic of China. Its core product is EAL, a multi-target cellular immunotherapy product that is in Phase II clinical trials for the prevention of postsurgical recurrence of liver cancer. The company is also conducting pre-clinical and clinical trial studies for EAL to treat lung cancer, glioma, gastric cancer, and colorectal cancer. Its products also include CAR-T cell series products for the treatment of hematologic cancer; and TCR-T cell series products for solid tumour treatment. The company was founded in 2006 and is headquartered in Beijing, China.

CStone Pharmaceuticals (SEHK:2616)

CStone Pharmaceuticals, a clinical-stage biotechnology company, focuses on developing and commercializing immuno-oncology and molecularly targeted drugs to address unmet medical needs in cancer treatment worldwide. The company's late-stage clinical products include CS1001, a monoclonal antibody against programmed death ligand 1, CS1003, a monoclonal antibody against programmed death receptor, ivosidenib, a potent inhibitor of the mutated isocitrate dehydrogenase-1 enzyme for the treatment of cancer, avapritinib, an inhibitor for the treatment of gastrointestinal stromal tumors and systematic mastocytosis, and Pralsetinib for the treatment of medullary thyroid cancer and other advanced solid tumors. The company was founded in 2015 in Cayman Islands, and is headquartered in Shanghai, China.

Alphamab Oncology (SEHK:9966)

Alphamab Oncology, a clinical-stage biopharmaceutical company, focuses on the research and development, manufacture, and commercialization of oncology biologics. Its product pipeline includes KN046, a bispecific monoclonal antibody (BsAb) immune checkpoint inhibitor, which is in Phase II clinical trials that targets clinically-validated immune checkpoints, including programmed death ligand 1 (PD-L1) and cytotoxic T-lymphocyte-associated protein 4 (CTLA-4); and KN026, a next generation anti-human epidermal growth factor receptor 2 BsAb that is in Phase II clinical trials. The company's product pipeline also comprises KN019, a CTLA-4-based immunosuppressant fusion protein, which is in Phase II with a clinically validated mechanism of action and potential broad applications in autoimmune diseases and oncology treatment-induced immune disorders; and KN035, an injectable PD-L1 inhibitor that is in phase II pivotal clinical trials for deficient mismatch repair/microsatellite instability-high solid tumors, and a Phase III pivotal trials for biliary tract cancer. The company was founded in 2008 and is headquartered in Suzhou, China.

6.2.3 Market Multiple Analysis

The research and development of the Target Pipeline has started since 2017, R&D expenses mainly include clinical research cost and pharmaceutical research cost. The Target Pipeline is still in early stage, its therapeutic indications are less than comparable companies, thus, the one fourth value is selected.

As of the valuation date, the selected multiple is 0.81, and accumulative R&D expenses of the Target Pipeline is 85,810 thousand RMB. As a result, the market value of the Target Pipeline is 70,000 thousand RMB.

The valuation analysis as of September 30, 2020 is shown as below (in thousand RMB):

Comparable Company	Market Cap *(Million)*	Enterprise Value *(Million)*	Accumulative R&D *(Million)*	Currency	EV/R&D 2020
Mabpharm Limited	4,300	3,652	306	CNY	11.95
SinoMab BioScience Limited	3,086	2,062	342	CNY	6.03
Kintor Pharmaceutical Limited	2,958	1,378	635	CNY	2.17
OncoSec Medical Incorporated	94	71	113	USD	0.63
Genkyotex SA	35	30	33	EUR	0.92
NuCana plc	201	154	96	GBP	1.61
Actinium Pharmaceuticals, Inc.	132	79	113	USD	0.70
ERYTECH Pharma S.A.	94	65	207	EUR	0.32
Immunotech Biopharm Ltd	4,743	4,799	196	CNY	24.49
CStone Pharmaceuticals	8,893	6,783	3,257	CNY	2.08
Alphamab Oncology	12,400	10,172	419	CNY	24.26
Maximum					24.49
Minimum					0.32
Average					6.83
Median					2.08
One Fourth					0.81
Select					0.81
Accumulative R&D of Target Pipeline					85,810
Value of Target Pipeline					69,506
Value of Target Pipeline (rounded)					70,000

7. CONCLUSION

Based upon the investigation, analysis and the valuation method employed in this report, the market value of Pipeline 807 of 百邁博as of the Valuation Date is as follows: (in thousands of RMB):

Value of Pipeline

	2020/9/30
Accumulative R&D Expenses	85,810
Enterprise Value/R&D	0.81
Value of Target Pipeline (rounded)	70,000

Assumption and Limiting Conditions

This Report was prepared based on the following general assumptions and limiting conditions:

All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in this report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in this report is accurate, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

We also assume no responsibilities in the accuracy of any legal matters. No investigation has been made of the title to or any liabilities against the property appraised. Unless otherwise stated in the report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

We have not verified particulars of property, including their areas, sizes, dimensions, and descriptions, which we have used or have referred to in connection with the preparation of this report, unless otherwise stated in this report. Any information regarding areas, sizes, dimensions, and descriptions of property mentioned in this report are for identification purposes only, and no one should use such information in any conveyance or other legal document. Any plans or graphical illustrations presented in this report are intended only for facilitating the visualization of the property and its surroundings and such plans or graphical illustrations should not be regarded as a survey or a scale for size.

The value opinion presented herein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value. The date of value on which the expressed conclusions and opinions apply is stated in this report.

This report has been prepared solely for the use or uses stated. It is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

Prior written consent must be obtained from us for publication of this report. No part of this report (including without limitation any conclusion, the identity of any individuals signing or associated with this report or the firms/companies with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.

No environmental impact study has been carried out, unless otherwise stated in this report. We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organizations have been or to be obtained or renewed for any use that is relevant to analysis in this report.

Unless otherwise stated in this report, the value estimate set out in this report excludes the impact of presence of any harmful substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination. For purposes of evaluating potential structural and/or environmental defects, where their existence could have a material impact on value of the property, we would recommend that advices from the relevant experts, such as a qualified structural engineer and/or industrial hygienist, should be sought.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Mabpharm Limited (the "**Company**") will be held at No. 301 Libing Road, Pudong New District, Shanghai on Friday, April 30, 2021 at 02:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the entering into of the license agreement in respect of CMAB807 (the "**License Agreement**") dated March 1, 2021 entered into between Taizhou Mabtech Pharmaceutical Limited* (泰州迈博太科药业有限公司) ("**Taizhou Pharmaceutical**"), an indirect wholly-owned subsidiary of Mabpharm Limited (the "**Company**") and Shanghai Biomabs Pharmaceuticals Co., Ltd.* (上海百迈博制药有限公司) ("**Biomabs**") and the transaction contemplated thereunder be and are hereby approved, ratified and confirmed;

   (b) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the License Agreement."

2. "**THAT**:

   (a) the entering into of the clinical trials agreement in respect of CMAB807 (the "**Clinical Trials Agreement**") dated March 1, 2021 entered into between Taizhou Pharmaceutical, and Biomabs and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

* *For identification purposes only*

(b) the proposed annual cap amounts for the maximum aggregated agreed reimbursement payable under the Clinical Trials Agreement for the three years ending 31 December 2023 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Clinical Trials Agreement."

3. "**THAT**:

(a) the entering into of the contract development and manufacturing agreement in respect of CMAB807 (the "**CDMO Agreement**") dated March 1, 2021 entered into between Taizhou Pharmaceutical and Biomabs and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the fees payable under the CDMO Agreement for the three years ending 31 December 2023 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the CDMO Agreement."

By Order of the Board
Mabpharm Limited
Jiao Shuge
Chairman

Hong Kong, April 13, 2021

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 02:00 p.m. on April 28, 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from April 27, 2021 to April 30, 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on April 26, 2021.

5. Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the meeting against the epidemic to protect the Shareholders from the risk of infection:

   (i) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;

   (ii) Every Shareholder or proxy is required to wear surgical facial mask throughout the meeting; and

   (iii) No refreshment will be served.

   Furthermore, the Company wishes to advise the Shareholders, particularly the Shareholders who are subject to quarantine in relation to COVID-19, that they may appoint any person or the chairman of the meeting as a proxy to vote on the resolutions, instead of attending the meeting in person.

6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this circular, the Board of Directors 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.