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

# 邁博藥業

# Mabpharm Limited

# 迈博药业有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2181)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board of directors (the "**Board**" or "**Directors**") of Mabpharm Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2021 ("**Reporting Period**"), together with the comparative figures for the year ended December 31, 2020.

## FINANCIAL HIGHLIGHTS

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2021** | 2020 | Change |
| | ***RMB'000*** | *RMB'000* | *(%)* |
| Revenue | **82,882** | – | – |
| Cost of sales | **(16,777)** | – | – |
| Gross profit | **66,105** | – | – |
| Other income | **14,818** | 32,237 | (54.0) |
| Other gains and losses | **(6,637)** | (26,714) | (75.2) |
| Selling and distribution expenses | **(9,423)** | – | – |
| Research and development expenses | **(263,572)** | (120,418) | 118.9 |
| Administrative expenses | **(90,632)** | (65,795) | 37.7 |
| Finance costs | **(2,403)** | (3,942) | (39.0) |
| Loss before tax | **(291,744)** | (184,632) | 58.0 |
| Income tax expense | **–** | – | – |
| Loss and total comprehensive expense for the year | **(291,744)** | (184,632) | 58.0 |
| Attributable to: | | | |
| Owners of the Company | **(291,744)** | (184,632) | 58.0 |
| | ***RMB*** | *RMB* | |
| Loss per share attributable to ordinary equity holders of the Company | | | |
| – Basic and diluted | **(0.07)** | (0.04) | 75.0 |

| | **At December 31,** | At December 31, | |
|---|---|---|---|
| | **2021** | 2020 | Change |
| | ***RMB'000*** | *RMB'000* | *(%)* |
| Non-current assets | **652,132** | 593,911 | 9.8 |
| Current assets | **247,770** | 569,126 | (56.5) |
| Current liabilities | **235,004** | 202,627 | 16.0 |
| Net current assets | **12,766** | 366,499 | (96.5) |
| Non-current liabilities | **62,917** | 78,925 | (20.3) |
| Net assets | **601,981** | 881,485 | (31.7) |

## CORPORATE PROFILE

We are a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. We strive to bring to market high quality and affordable innovative biologics through our efficient research and development ("**R&D**") system and low-cost pharmaceutical production capability, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience. Our pipeline of drug candidates currently consists of 10 monoclonal antibody drugs and 1 strong antibody drug, 3 of which are our core products:

✓ **CMAB008 類停® (infliximab):** was approved for marketing by the National Medical Products Administration of the People's Republic of China ("**NMPA**") in July 2021 (Guo Yao Zhun Zi S20210025) for the treatment of 1) ulcerative colitis in adults; 2) ankylosing spondylitis; 3) rheumatoid arthritis; 4) Crohn's disease in adults and pediatric patients aged above 6 years old; 5) fistula Crohn's disease; and 6) psoriasis. The antibody drug production base of Taizhou Mabtech Pharmaceutical Limited (泰州邁博太科藥業有限公司) under the Company in China Medical City, Taizhou, Jiangsu Province also successfully passed the GMP compliance inspection for CMAB008 by Jiangsu Provincial Drug Administration. According to the regulations of China's basic medical insurance program (the "**Medical Insurance**"), CMAB008類停® has also been automatically included in the Medical Insurance, and has obtained the Medical Insurance registration code from the National Healthcare Security Administration (the "**Healthcare Security Administration**"). CMAB008 類停® is approved for the treatment of six indications which have huge long-term unmet market demand (with more than 10 million patients in the PRC which is still growing). We have established an online procurement platform covering 25 provinces within the PRC and included CMAB008 類停® in provincial medical insurance system, and completed channel distribution and product delivery for 30 provinces, where hundreds of hospitals are in the process of introducing CMAB008 類停®. With high quality innovative drugs as the foundation, Mabpharm will provide innovative antibody drugs to patients in the PRC by offering more economical and affordable drug supply solutions and fully participating in China's national healthcare system reform initiatives. The Company has also initiated cooperation with partners who have accumulated abundant overseas market resources over a long period of time to rapidly expand to overseas markets. At present, the Company has launched registration and market exploration in more than 30 countries and/or regions.

✓ **CMAB007 (omalizumab):** completed phase III clinical trials for the indication of asthma and new drug application data collation. The new drug marketing application for CMAB007 has been submitted to the NMPA in October 2021, and will soon be under site inspection by the NMPA. Given that similar drugs have been approved overseas for urticaria and allergic rhinitis indications and are developing to address food allergy indications, we will expedite the clinical and registration work of CMAB007 for these indications to capture the huge allergic disease market demand in China.

✓ **CMAB009 (cetuximab):** currently under phase III clinical trials for colorectal cancer, completed case recruitment and under data cleansing stage. CMAB009 uses the Chinese hamster ovary cell ("**CHO**") expression system, which enjoys significant advantages in safety compared to existing marketed cetuximab products for treating metastatic colorectal cancer. CMAB009 is expected to file the new drug marketing application with the NMPA in the fourth quarter of 2022 (together, the "**Core Products**").

✓ **CMAB807 (denosumab):** currently under phase III clinical trials for osteoporosis and completed case recruitment. The clinical trial application for treatment of tumor bone metastasis (CMAB807X) has been approved by NMPA in January 2022 (Clinical trial approval notice number: 2022LP00032).

Among our other drug candidates, our newly developed "strong antibody" drug CMAB017 will soon apply for clinical trials. Compared with marketed EGFR anti-body drugs, CMAB017 has promising efficacy, safety and higher annual dosage of protein. In addition, we have commenced clinical trials for CMAB819 (nivolumab), and plan to initiate the international clinical trial of single drug and combination medication. CMAB015 (secukinumab), a biosimilar developed by us, has completed pre-clinical study and will soon commence clinical trials, which boasts remarkable efficacy advantages in the treatment of autoimmune diseases such as psoriasis, and has become one of the most rapidly growing biological agents in the treatment of psoriasis in China. We have also developed CMAB022 (usnumab), a biosimilar, which promises sound market prospect for the treatment of psoriasis, ankylosing spondylitis and Crohn's disease.

We have strong in-house capabilities in pharmaceutical research, manufacturing, pre-clinical and clinical development, and have established a competent and efficient drug marketing team. We focus on the R&D of monoclonal antibodies. Our core R&D team members have more than 18 years of experience in this area, and have led three major projects under the "863" Program, among other national-level scientific research projects. In addition, one of our core R&D team members is also a member of the 11th Session of the Chinese Pharmacopoeia Commission.

We have completed the construction of three new production lines in Taizhou in 2021, increasing our total cell reactor scale to 18,000 liters. The construction of plants in our new R&D and industrial base in Taizhou has also been substantially completed and it is expected that our total cell reactor scale will be further increased to 40,000 liters in 2022. The solid equipment, technology and quality foundation we have in the field of antibody drug preparation will enable us to possess an excellent competitive advantage in future medical insurance and centralized procurement negotiations. Leveraging the competitive advantages in the R&D and mass production capacity in anti-body drugs in the PRC, we also proactively engaged in CDMO business without compromising our independent product R&D, and secured desirable results.

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

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

## Business Review

### *Research and development of our drug candidates*

Set out below is an overview of our drug candidates and their R&D status as of December 31, 2021:

| Field | Target | Indication | Drug candidate code | Classification | Pre-clinical | Phase I | Phase II or Phase II/III | Phase III | Expected time to reach the next regulatory milestone | Anticipated completion of regulatory review | Commercial rights | Competitive marketed drugs |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Autoimmune Disease | TNF α | Rheumatoid Arthritis<br>Ulcerative colitis in adults<br>Ankylosing spondylitis<br>Crohn's disease in adults and pediatric patients aged above 6 years old<br>Fistula Crohn's disease<br>Psoriasis | CMAB008 (INN name: Infliximab) | New Drug/ Core Product | | | | | | Approved for marketing in July 2021 | PRC and overseas (excluding Japan, North America and Europe) | Remicade®, Humira®, Enbrel®, Simponi®, Yisaipu®, Anbainuo® |
| Respiratory Disease | IgE | Asthma | CMAB007 (INN name: Omalizumab) | New Drug/ Core Product | | | | | New drug marketing application submitted in October 2021 | Quarter 4, 2022 | PRC and overseas (excluding Japan, North America and Europe) | Xolair® |
| Cancer | EGFR | Colorectal Cancer | CMAB009 (INN name: Cetuximab) | New Drug/ Core Product | | | | | Pending new drug marketing application submission (Quarter 4, 2022) | Quarter 4, 2023 | PRC and overseas (excluding Japan, North America and Europe) | Erbitux® |

| Field | Target | Indication | Drug candidate code | Classification | Pre-clinical | Phase I | Phase II or Phase II/III | Phase III | Expected time to reach the next regulatory milestone | Anticipated completion of regulatory review | Commercial rights | Competitive marketed drugs |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bone-related diseases | RANKL | Osteoporosis | CMAB807 (INN name: Denosumab) | Biosimilar | | | | | Pending new drug marketing application submission (Quarter 1, 2023) | Quarter 1, 2024 | Global | Prolia® |
| | | Tumor bone metastasis | CMAB807X (INN name: Denosumab) | Biosimilar | | | | | Phase III (Quarter 1, 2023) | Quarter 1, 2027 | Global | XGEVA® |
| Cancer | PD1 | Non-small cell lung cancer, hepatocellular carcinoma and squamous cell carcinoma of the head and neck | CMAB819 (INN name: Nivolumab) | New Drug | | | | | Phase III (Quarter 3, 2023) | Quarter 4, 2027 | Global | Opdivo®, Keytruda®, Tyvyt®, JS001 |
| Cancer | HER2 | Breast Cancer | CMAB810 (INN name: Pertuzumab) | Biosimilar | | | | | Phase III (Quarter 1, 2024) | Quarter 1, 2028 | Global | Perjeta® |
| Cancer/ Autoimmune Disease | IL-1 β | Periodic Fever Syndromes/ Systemic Juvenile Idiopathic Arthritis/Lung cancer | CMAB816 (INN name: canakinumab) | Biosimilar | | | | | Phase III (Quarter 2, 2024) | Quarter 2, 2028 | Global | ILaris® |
| Cancer | EGFR | KRAS wild-type colorectal cancer | CMAB017 | Innovative drug | | | | | Phase III (Quarter 4, 2024) | Quarter 4, 2027 | Global | Vectibix® |

| Field | Target | Indication | Drug candidate code | Classification | Pre-clinical | Phase I | Phase II or Phase II/III | Phase III | Expected time to reach the next regulatory milestone | Anticipated completion of regulatory review | Commercial rights | Competitive marketed drugs |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Autoimmune Disease | IL-17A | Plaque psoriasis, psoriatic arthritis and ankylosing spondylitis | CMAB015 (INN name: Secukinumab) | Biosimilar | | | | | Phase III (Quarter 1, 2023) | Quarter 4, 2025 | Global | Cosenty® |
| Allergy, Inflammatory Disease | IL-5 | Asthma and eosinophilic granulomatous polyangitis | CMAB018 (INN name: Mepolizumab) | Biosimilar | | | | | Phase III (Quarter 1, 2024) | Quarter 4, 2026 | Global | Nucala® |
| Inflammatory Diseases | IL-12 & IL-23 | Moderate to severe plaque psoriasis, psoriatic arthritis, active ankylosing spondylitis, active non-radiographic axial spondyloarthritis | CMAB022 (INN name: Ustekinumab) | Biosimilar | | | | | Phase III (Quarter 1, 2024) | Quarter 1, 2027 | Global | Stelara® |



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

**Core Product Candidates**

***CMAB008 (infliximab)***

*類停®-CMAB008 (infliximab)*

CMAB008 (infliximab), trade name: 類 停®, is a recombinant anti-TNF-alpha chimeric monoclonal antibody that was approved by the NMPA (Guo Yao Zhun Zi S20210025) on July 12, 2021 for the treatment of:

(i) ulcerative colitis in adults;

(ii) ankylosing spondylitis;

(iii) rheumatoid arthritis;

(iv) Crohn's disease in adults and pediatric patients aged above 6 years old;

(v) fistula Crohn's disease; and

(vi) psoriasis.

CMAB008 類 停® is the first China-made infliximab approved for marketing, which is a monoclonal antibody biosimilar independently developed by the Company and one of the core products of the Company. CMAB008類 停® uses the CHO expression system, and is a monoclonal antibody targeting TNF α (tumor necrosis factor α) that specifically merges with TNF α and blocks the inflammatory cascade response caused by TNF α. The researches we have completed have shown that, compared to other anti-TNF α drugs on the market, CMAB008類停® (infliximab for injection) has a stronger affinity for TNF α and a stronger glycosylation character, with rapid onset of effect, long-lasting efficacy, long dosing intervals and no hypersensitivity reactions. The results of our completed researches including, clinical trials, non-clinical comparative studies and pharmacological comparisons of CMAB008類 停® have also shown that CMAB008類停® is identical to the original infliximab in terms of efficacy, safety, pharmacological profile and quality.

CMAB008 類 停® is the first infliximab launched in the domestic market following "Remicade", the original drug imported and sold by Xi'an Janssen. CMAB008 類停® is approved for the treatment of six indications which have huge long-term unmet market demand with more than 10 million patients in the PRC which is still growing. During the past two years, following the inclusion in the medical insurance system and shift in habit towards adopting biological agents, the overall market share of infliximab witnessed a rapid increase, especially in the field of IBD diseases, for which infliximab has become the key biological agent for treatment due to its rapid onset of effect and obvious curative effect.

Infliximab is included in the PRC's national Medical Insurance drug catalogue, and in accordance with relevant regulations on Medical Insurance of the PRC, our CMAB008 類停® is applicable to the Medical Insurance coverage of infliximab, thus providing a new and more economical and affordable option for patients. With high quality innovative drugs as the foundation, Mabpharm will provide innovative antibody drugs to patients in the PRC by offering more economical and affordable drug supply solutions and fully participating in China's national healthcare system reform initiatives. The Company has also reached agreements with partners who have accumulated abundant overseas market resources over a long period of time and is applying for drug registration and marketing of CMAB008 類停® in more than 30 countries and regions including Brazil.

***CMAB007 (omalizumab)***

CMAB007 (omalizumab), a recombinant humanized anti-IgE monoclonal antibody, is our new drug candidate for treatment of asthma patients who remain inadequately controlled despite med/high dose of ICS plus LABA. We believe that, once approved by the NMPA for marketing, it will be the first mAb asthma therapy developed by a local Chinese company marketed in China. CMAB007 combines with free IgE to form an anti-IgE complex that inhibits the high affinity IgE receptor and thereby prevents the allergic response. The safety and efficacy of CMAB007 have been confirmed by the results of four clinical trials of a total of 824 subjects who have been administered CMAB007, which were the largest clinical trials of mAb treating asthma in China. Based on our clinical trial results, CMAB007 can improve asthma patients' conditions with lower-dose inhaled corticosteroids and reduce the incidence of acute asthma attacks.

During the Reporting Period, the new drug marketing application for CMAB007 has been submitted to the NMPA in October 2021, and it will receive site inspection by the NMPA in the forthcoming months. Based on new regulations and technical guidelines introduced by the NMPA on new biological drugs, we have also completed a head-to-head phase I comparative study against currently marketed omalizumab products to confirm the similar pharmacokinetic profile and immunogenicity of CMAB007. It is expected that CMAB007 will expand its indications to chronic idiopathic urticaria, seasonal allergic rhinitis and food allergies in the future. We expect that CMAB007 may be approved by the NMPA for marketing in the fourth quarter of 2022.

***CMAB009 (cetuximab)***

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

During the Reporting Period, CMAB009 was under phase III clinical trials for colorectal cancer and completed case recruitment. We expect to file the new drug marketing application with the NMPA in the fourth quarter of 2022 upon completion of clinical observation and data analysis of all cases. We are also preparing for clinical trials of other indications of CMAB009. Currently, we expect that CMAB009 may be approved by the NMPA for marketing in the fourth quarter of 2023.

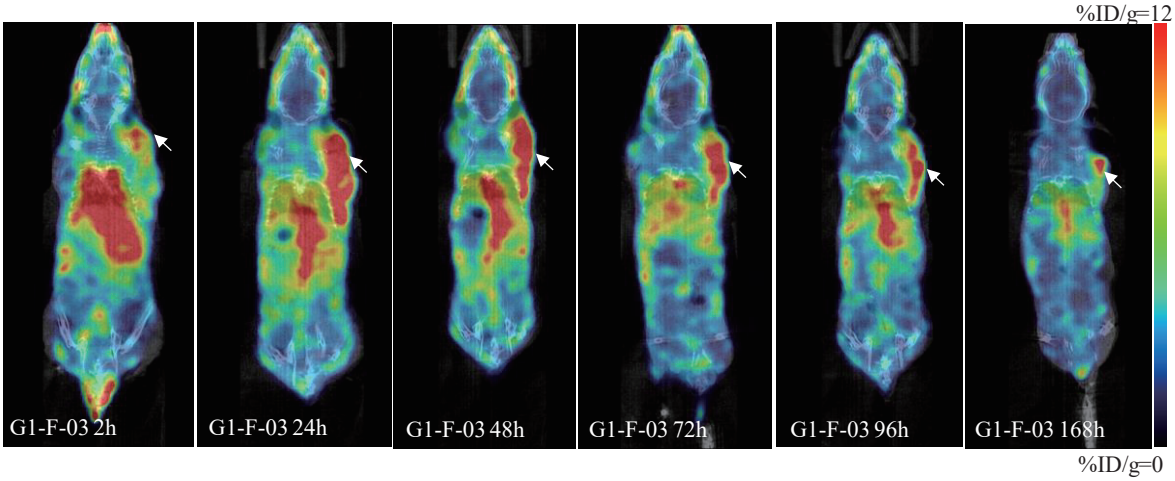
**Other Product Candidates**

**CMAB807 (Denosumab)** is 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 bones. CMAB807 is currently under phase III clinical trials for osteoporosis, and has completed case recruitment. We expect that CMAB807 will be approved by NMPA for marketing in the first quarter of 2024 for the indication of osteoporosis.

We have also developed a dosage form of CMAB807, i.e. CMAB807X (denosumab), for the treatment of tumor bone metastasis and conducted pre-clinical study, and obtained the Clinical Trial Approval Notice. We expect that phase III clinical trials for tumor bone metastasis will be launched in the first quarter of 2023. It is currently expected that CMAB807X will be approved by NMPA for marketing in the first quarter of 2027 for the indication of tumor bone metastasis.

**CMAB819 (nivolumab)** is our biosimilar drug candidate currently undergoing phase I clinical trial. CMAB819 was approved by the NMPA for clinical trial in September 2017. We have commenced the phase I clinical trial. We expect that CMAB819 may be approved by the NMPA for marketing in the fourth quarter of 2027. CMAB819 is indicated for the treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma and head and neck squamous cell carcinomas (HNSCC). We are also initiating the clinical trial of the single drug and/or combination medication in the best international scientific registration path, in an endeavor to seize the huge unsatisfied market demand for nivolumab in China and other developing countries.

**CMAB017** is an innovative drug candidate in preclinical study stage and an innovative strong antibody drug. At present, the 1,500-liter process amplification and preclinical trials have been completed, and will soon apply for clinical trials. Results of the completed experimental study on tissue distribution of tumor-bearing mice show that CMAB017 concentrates locally in tumor 24-72 hours after administration. We expect to commence phase III clinical trial in the fourth quarter of 2024. We expect that CMAB017 may be approved by the NMPA for marketing in the fourth quarter of 2027. Regarding CMAB017, the design of blocking peptide is expected to significantly reduce adverse skin reactions, gastrointestinal mucosa, etc. The selection of IgG1 constant region can enhance the effect mediated by Fc fragment of antibody and thus improve the curative effect. Based on the advantages of safety and curative effect, the cost of case medication is far lower than CMAB009, and it is expected that more new strong antibody drugs will be developed by leveraging the research and development platform of CMAB017. CMAB017 is indicated for the treatment of KRAS wild-type colorectal cancer and its other indications are also under exploration.




**CMAB015** is a biosimilar candidate for secukinumab, which is under preclinical study. At present, the 1,500-liter manufacturing process and preclinical trials have been completed and it is expected to be approved for clinical trials in 2022. We expect that CMAB015 may be approved by the NMPA for marketing in the fourth quarter of 2025. CMAB015 targets interleukin 17A (IL-17A) for treating plaque psoriasis, psoriatic arthritis and ankylosing spondylitis. Secukinumab is the most effective curer for psoriasis at present, which offers significant efficacy and guarantees much more stable condition after drug withdrawal compared with peers.

**CMAB022** is a candidate biosimilar product of stelara® (ustekinumab). Ustekinumab is a monoclonal antibody targeting interleukin-12 (IL-12) and interleukin-23 (IL-23). It inhibits these two proinflammatory cytokines by binding to the P40 subunit shared by IL-12 and IL-23 and preventing them from binding to the cell surface IL-12 receptor β 1. IL-12 and IL-23 are two natural proteins, which play a key role in immune-mediated inflammatory diseases, including plaque psoriasis, psoriatic arthritis and Crohn's disease, indications include: moderate to severe plaque psoriasis in adult patients who are candidates for systemic therapy or phototherapy; adults with active psoriatic arthritis (PsA); adults with active ankylosing spondylitis (AS); adults with active non-radiographic axial spondyloarthritis (nr-axSpA) with objective signs of inflammation. The pilot processes are currently in development. We expect to apply for clinical trials in the first quarter of 2023 and CMAB022 may be approved by the NMPA for marketing in the first quarter of 2027.

**CMAB018** is a biosimilar candidate for mepolizumab, which is under preclinical study. At present, the screening of high expression engineering cells and the establishment of engineering cell bank have been completed, the research on production process is in progress and it is expected that we will apply for clinical trial in the first quarter of 2023. We expect that CMAB018 may be approved by the NMPA for marketing in the fourth quarter of 2026. CMAB018 targets interleukin 5 (IL-5) in treating severe asthma and eosinophilic granulomatous polyangiitis.

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

**CMAB816 (canakinumab)** is our pre-clinical trial biosimilar drug candidate. The related screening processes and the establishment of cell bank have been completed. However, the animal experiment has been postponed due to the restrictions imposed on import of marmoset as a result of the COVID-19 pandemic. It is expected to apply for clinical trials in the third quarter of 2023. We expect that CMAB816 may be approved by the NMPA for marketing in the second quarter of 2028. CMAB816 is indicated for the treatment of periodic fever syndrome and systemic juvenile idiopathic arthritis. Further, according to the latest research results, canakinumab can potentially reduce the incidence of lung cancer and lung cancer-related mortality rates.

**Research and development of new drug candidates**

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

**Research and development system**

We have developed efficient R&D capabilities, broad and advanced preparation technologies, and low-cost drug production capabilities that will allow us to offer high quality and affordable innovative biopharmaceutical products to patients in China and other emerging markets. Within our product pipeline, CMAB008 has been marketed and commercialized, CMAB007 has completed clinical trials and submitted application for marketing while CMAB009 and CMAB807 are under late stage of phase III clinical trials. We also own a number of patents for our core technologies, including antibody engineering and humanization technologies, efficient expression vector construction technologies, efficient clone screening technologies, as well as a proprietary R&D animal model. Our R&D activities are carried out by three core teams: basic R&D, clinical trials, and industrialized good manufacturing practices ("**GMP**"). The operations, design, and construction needs of these three core teams are supported by an assisting engineering team. Our R&D teams consist of professionals who have extensive industry experience in biologics R&D and have gained valuable work experience at global pharmaceutical companies. Employees in our R&D teams possess strong academic backgrounds from leading institutions in immunology, molecular biology, oncology or monoclonal antibody development.

## DRUG CANDIDATES COMMERCIALIZATION AND PRODUCTION FACILITIES CONSTRUCTION

**Existing production facilities**

Our production site in Taizhou has two buildings of 30,000 square meters in total and houses our mAb production facilities. The two buildings are equipped with production facilities currently in operation, including (i) four 3×1,500L antibody bioreactor systems and related purification lines, (ii) an injection vial filling line capable of manufacturing four million units per annum and (iii) a pre-filled syringes production line capable of manufacturing one million units per annum. Our production facilities have successfully passed the GMP compliance inspection for CMAB008 by the Jiangsu Medical Products Administration and have commenced commercial production.

**Construction of new production facilities**

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

**Marketing and distribution**

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

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

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

We expect to sell our products to (i) distributors that sell our products to hospitals and (ii) direct-to-patient pharmacies and others. We are establishing our network of distributors for CMAB008 in accordance with the national drug sales regulations. Our distribution model is consistent with customary industry practice and serves to ensure efficient coverage of our sales network while controlling our cost of distribution and account receivables. We intend to select our distributors based on their qualifications, reputation, market coverage and sales experience. To distribute our products, a distributor must maintain its business license and other requisite licenses and permits. A distributor must also maintain extensive hospital coverage in the designated region. A distributor must be capable of delivering our products to covered hospitals in a safe and timely manner. We plan to actively monitor the inventory levels of our distributors to increase the efficiency of our distribution network.

**Quality assurance**

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

## FUTURE AND OUTLOOK

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

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

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

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

Over the short-term, we intend to focus on market exploration and sales of CMAB008, and completing clinical trials and the eventual commercialization of our current pipeline of other drug candidates, particularly CMAB007, CMAB009 and CMAB807. To bring our products to market, we aim to reinforce our R&D teams, particularly the clinical medicine team, through the provision of regular professional training and pushing ahead with the clinical trials for product candidates. We are also in the process of establishing a sales team consisting of staff with strong academic promotion experience and capabilities. Our goal is to generate stable revenue and profits in the future by creating our own sales team in China and strengthening our commercialization capabilities by capturing cooperation opportunities to market certain advantageous indications at an appropriate time.

**Continue to maintain investments in advanced technologies and product development**

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

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

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

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

To build our brand internationally and to support our sustainable growth, we plan to in-license products from global pharmaceutical companies for sales in China and/or to transfer or out-license overseas product rights of certain of our drug candidates to other pharmaceutical companies. We have established collaborative partnerships with domestic and foreign pharmaceutical companies with overseas channel resources, and constantly seek more opportunities to cooperate with potential partners with sales resources, in order to enter and expand our market share in markets outside of China and to further broaden the geographic coverage of our business. As part of this strategy, we may take advantage of strategic opportunities for cooperation and mergers and acquisitions internationally to expand our pipeline of products for R&D development and sales in overseas markets.

## FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the consolidated financial information for the year ended December 31, 2021 with comparative figures for the corresponding period in the previous year, which has been reviewed by the audit committee of the Company ("**Audit Committee**").

## FINANCIAL REVIEW

The following table summarizes our results of operations for the year ended December 31, 2021 and 2020:

| | **For the year ended December 31,** | | | |
|---|---|---|---|---|
| | **2021** | 2020 | Change | Change |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | *(%)* |
| Revenue | **82,882** | – | 82,882 | – |
| Cost of sales | **(16,777)** | – | (16,777) | – |
| Gross profit | **66,105** | – | 66,105 | – |
| Other income | **14,818** | 32,237 | (17,419) | (54.0) |
| Other gains and losses | **(6,637)** | (26,714) | 20,077 | (75.2) |
| Selling and distribution expenses | **(9,423)** | – | (9,423) | – |
| Research and development expenses | **(263,572)** | (120,418) | (143,154) | 118.9 |
| Administrative expenses | **(90,632)** | (65,795) | (24,837) | 37.7 |
| Finance costs | **(2,403)** | (3,942) | 1,539 | (39.0) |
| Loss before tax | **(291,744)** | (184,632) | (107,112) | 58.0 |
| Income tax expense | **–** | – | – | – |
| Loss and total comprehensive expense for the year | **(291,744)** | (184,632) | (107,112) | 58.0 |
| Attributable to: | | | | |
| Owners of the Company | **(291,744)** | (184,632) | (107,112) | 58.0 |
| | ***RMB*** | *RMB* | | |
| Loss per share attributable to ordinary equity holders of the Company | | | | |
| – Basic and diluted | **(0.07)** | (0.04) | (0.03) | 75.0 |

## REVENUE

Revenue of the Group increased from RMB0.0 million for the year ended December 31, 2020 to approximately RMB82.9 million for the year ended December 31, 2021, primarily due to recognition of the revenue from the intellectual property transfer agreement on CMAB806 during the Reporting Period.

Set out below are the components of revenue for the periods indicated:

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| Revenue from the sale of pharmaceutical products | **1,636** | – |
| Revenue from the intellectual property transfer agreement on CMAB806 | **81,246** | – |
| | **82,882** | – |

**COST OF SALES**

Cost of sales of the Group increased from RMB0.0 million for the year ended December 31, 2020 to approximately RMB16.8 million for the year ended December 31, 2021, primarily due to recognition of the cost corresponding to revenue from the intellectual property transfer agreement on CMAB806 during the Reporting Period.

**OTHER INCOME**

Other income of the Group decreased by 54.0% from approximately RMB32.2 million for the year ended December 31, 2020 to approximately RMB14.8 million for the year ended December 31, 2021, which was primarily due to a decrease in government grants and subsidies related to income as compared with last year.

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

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| Bank interest income | **1,954** | 9,458 |
| Government grants and subsidies related to income | **12,864** | 22,779 |
| | **14,818** | 32,237 |

**OTHER GAINS AND LOSSES**

Other losses of the Group decreased by 75.2% from approximately RMB26.7 million losses for the year ended December 31, 2020 to approximately RMB6.6 million losses for the year ended December 31, 2021, which was primarily due to increased investment in R&D activities, leading to a decrease in amount of foreign currency held and a corresponding decrease in foreign exchange losses.

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

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| Net foreign exchange losses | **(6,591)** | (31,902) |
| Loss on disposal of plant and equipment | **(73)** | – |
| Others | **27** | 5,188 |
| | **(6,637)** | (26,714) |

**RESEARCH AND DEVELOPMENT EXPENSES**

Research and development expenses of pipelines of the Group increased by 118.9% from approximately RMB120.4 million for the year ended December 31, 2020 to approximately RMB263.6 million for the year ended December 31, 2021, mainly due to the intellectual property license-in expenses of RMB66.0 million incurred for the acquisition of CMAB807 and the significant increase in contract costs due to the constant investment in pipelines during the Reporting Period.

The Group's research and development expenses mainly include contracting costs, raw materials and consumables, staff costs, depreciation, intellectual property license-in expenses and others.

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

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| Contracting costs | **98,348** | 46,797 |
| Raw materials and consumables | **26,131** | 20,724 |
| Staff Costs | **47,765** | 35,899 |
| Depreciation | **13,676** | 8,799 |
| Intellectual property license-in expenses | **66,038** | – |
| Others | **11,614** | 8,199 |
| Total | **263,572** | 120,418 |

**ADMINISTRATIVE EXPENSES**

Administrative expenses of the Group increased by 37.7% from approximately RMB65.8 million for the year ended December 31, 2020 to approximately RMB90.6 million for the year ended December 31, 2021, principally due to an increase in depreciation from new production plants that have been constructed.

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

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

| | For the year ended December 31, | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| Staff costs | **41,562** | 32,237 |
| Depreciation | **27,779** | 14,998 |
| Others | **21,291** | 18,560 |
| Total | **90,632** | 65,795 |

**FINANCE COSTS**

Finance costs of the Group decreased by 39.0% from approximately RMB3.9 million for the year ended December 31, 2020 to approximately RMB2.4 million for the year ended December 31, 2021, which was primarily due to no bank loans outstanding during the Reporting Period, leading to a corresponding decrease in finance costs.

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

## LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balances decreased by 83.2% from approximately RMB484.8 million at December 31, 2020 to approximately RMB81.6 million at December 31, 2021 due to ongoing investment in R&D activities and construction of Taizhou production base.

Current pledged bank deposits increased by 1,637.4% from approximately RMB2.0 million as at December 31, 2020 to RMB34.7 million as at December 31, 2021, which was primarily attributable to the increase in deposits paid by the Group to obtain bank credit letter issued for procurement of facilities for Taizhou production base.

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

| | **At December 31,** | | |
|---|---|---|---|
| | **2021** | 2020 | Change |
| | ***RMB'000*** | *RMB'000* | *(%)* |
| Current Assets | | | |
| Trade receivables | **793** | – | – |
| Prepayments and other receivables | **58,846** | 31,673 | 85.8 |
| Amounts due from a related party | **9,452** | – | – |
| Inventories | **53,211** | 33,427 | 59.2 |
| Contract costs | **9,164** | 16,769 | (45.4) |
| Pledged bank deposits | **34,748** | 2,000 | 1,637.4 |
| Rental deposit to a related party | **–** | 411 | (100.0) |
| Cash and bank balances | **81,556** | 484,846 | (83.2) |
| Total | **247,770** | 569,126 | (56.5) |

## INDEBTEDNESS

As of December 31, 2021, we had non-trade amounts due to a related party of approximately RMB0.7 million and lease liabilities of approximately RMB45.7 million. As of the same date, none of our existing indebtedness included any material covenants or covenants that could potentially limit our ability to incur new indebtedness.

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

| | **At December 31,** | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'000*** | *RMB'000* |
| Unsecured and unguaranteed amounts due to Biomabs | **739** | 21 |
| Lease liabilities | **45,690** | 40,348 |

As at December 31, 2021, we, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements (excluding our contingent rental agreements) in an aggregate amount of approximately RMB45.7 million.

## CONTINGENT LIABILITIES, CHARGE OF ASSETS AND GUARANTEES

As at December 31, 2021, we had current pledged bank deposits of RMB34.7 million, which were pledged to a bank as deposit for the credit letter issued for procurement of facilities from overseas.

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

## CAPITAL STRUCTURE

There were no changes in the capital structure of the Group during the Reporting Period. The share capital of the Group only comprises ordinary shares. As at December 31, 2021, the total issued share capital of the Company was US$412,408 divided into 4,124,080,000 shares.

The capital structure of the Group was 33.1% debt and 66.9% equity as at December 31, 2021, compared with 24.2% debt and 75.8% equity as at December 31, 2020.

## FOREIGN EXCHANGE

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

## GEARING RATIO

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2021, the gearing ratio of the Group was 33.1% (as at December 31, 2020: 24.2%).

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

| | **At December 31,** | |
|---|---|---|
| | **2021** | 2020 |
| Current ratio[(1)] | **1.1** | 2.8 |
| Quick ratio[(2)] | **0.8** | 2.6 |

*Notes:*

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

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

Our current ratio decreased from 2.8 as of December 31, 2020 to 1.1 as of December 31, 2021, and our quick ratio decreased from 2.6 as of December 31, 2020 to 0.8 as of December 31, 2021, primarily due to a significant portion of the Company's funds being used for operation and development of the Group according to the respective intended purposes.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2021*

| | Notes | **2021** | 2020 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Revenue | *4* | **82,882** | – |
| Cost of sales | | **(16,777)** | – |
| Gross profit | | **66,105** | – |
| Other income | *5* | **14,818** | 32,237 |
| Other gains and losses | *6* | **(6,637)** | (26,714) |
| Selling and distribution expenses | | **(9,423)** | – |
| Research and development expenses | | **(263,572)** | (120,418) |
| Administrative expenses | | **(90,632)** | (65,795) |
| Finance costs | *8* | **(2,403)** | (3,942) |
| Loss before tax | *7* | **(291,744)** | (184,632) |
| Income tax expense | *9* | **–** | – |
| Loss and total comprehensive expense for the year | | **(291,744)** | (184,632) |
| Attributable to: | | | |
| Owners of the Company | | **(291,744)** | (184,632) |
| Loss per share attributable to ordinary equity holders of the Company | *11* | | |
| – Basic | | **RMB(0.07)** | RMB(0.04) |
| – Diluted | | **RMB(0.07)** | RMB(0.04) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2021*

| | Notes | **2021** | 2020 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Plant and equipment | | **483,673** | 438,408 |
| Right-of-use assets | *12* | **77,374** | 74,209 |
| Other non-current assets | | **90,674** | 81,294 |
| Rental deposit to a related party | | **411** | – |
| **Total non-current assets** | | **652,132** | 593,911 |
| **Current assets** | | | |
| Trade receivables | *13* | **793** | – |
| Prepayments and other receivables | *14* | **58,846** | 31,673 |
| Amounts due from a related party | | **9,452** | – |
| Inventories | | **53,211** | 33,427 |
| Contract costs | | **9,164** | 16,769 |
| Pledged bank deposits | | **34,748** | 2,000 |
| Rental deposit to a related party | | **–** | 411 |
| Cash and bank balances | | **81,556** | 484,846 |
| **Total current assets** | | **247,770** | 569,126 |
| **Current liabilities** | | | |
| Trade and other payables | *15* | **139,827** | 113,297 |
| Amounts due to a related party | | **47,964** | 75 |
| Lease liabilities to third parties | *12* | **5,084** | 4,146 |
| Lease liability to a related party | *12* | **4,199** | 4,386 |
| Contract liabilities | | **21,440** | 70,058 |
| Deferred income | | **16,490** | 10,665 |
| **Total current liabilities** | | **235,004** | 202,627 |
| **Net current assets** | | **12,766** | 366,499 |
| **Total assets less current liabilities** | | **664,898** | 960,410 |

| | Notes | 2021<br>***RMB'000*** | 2020<br>*RMB'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Deferred income | | **10,000** | 47,109 |
| Contract liabilities | | **16,510** | – |
| Lease liabilities to third parties | *12* | **27,926** | 31,816 |
| Lease liability to a related party | *12* | **8,481** | – |
| **Total non-current liabilities** | | **62,917** | 78,925 |
| **Net assets** | | **601,981** | 881,485 |
| **Capital and reserves** | | | |
| Share capital | *16* | **2,804** | 2,804 |
| Reserves | | **599,177** | 878,681 |
| **Total equity** | | **601,981** | 881,485 |

## NOTES:

### 1. CORPORATE AND GROUP INFORMATION

Mabpharm Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2018, and its shares are listed on The Stock Exchange of Hong Kong Limited on 31 May 2019. The address of the registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-90008, Cayman Islands and the principal place of business is located at Block G79, Lujia Road East, Koutai Road West, China Medical City, Taizhou, the People's Republic of China (the "**PRC**").

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

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

**Information about subsidiaries**

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

| Name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Taizhou Mabtech Pharmaceutical Limited ("**Taizhou Pharmaceutical**") (泰州邁博太科藥業有限公司)* | PRC/Mainland China | US$210,000,000 | – | 100% | Research and development, technical consulting, technology transfer and technical services of biological products, diagnostic reagents, chemical biological reagents and drugs |
| Shanghai Shengheng Biotechnology Limited ("**Shengheng Biotech**") (上海晟珩生物技術有限公司) | PRC/Mainland China | RMB30,000,000 | – | 100% | Research and development, technical consulting, technology transfer and technical services of biological products, diagnostic reagents, chemical biological reagents and drugs |

* Taizhou Pharmaceutical is registered as a wholly-foreign-owned enterprise under PRC law.

During the year, pursuant to the board resolution dated 31 March 2021, Taizhou Mabtech Biotechnology Limited ("**Taizhou Biotech**") (泰州邁博太科生物技術有限公司), a previous subsidiary of the Company, was merged into Taizhou Pharmaceutical.

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

## 2.1 BASIS OF PREPARATION

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

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16 | *Interest Rate Benchmark Reform – Phase 2* |
| Amendment to IFRS 16 | *Covid-19-Related Rent Concessions* |
| Amendment to IFRS 16 | *Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)* |

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest-bearing borrowings.

(b) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. In April 2021, the IASB issued another amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* to extend the availability of the practical expedient for any reduction in lease payments that affects only payments originally due on or before 30 June 2022 (the "**2021 Amendment**"). The 2021 Amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

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

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

1 Effective for annual periods beginning on or after 1 January 2022

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

3 No mandatory effective date yet determined but available for adoption

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

5 The IASB amends IFRS 17 to permit a classification overlay for financial assets presented in comparative periods on initial application of IFRS 17

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

## 3. OPERATING SEGMENT INFORMATION

**Segment information**

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

**Geographical information**

During the reporting period, all of the Group's revenue was derived from customers located in the PRC and the Group's non-current assets are substantially located in the PRC, accordingly, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

**Information about a major customer**

Revenue of approximately RMB81,246,000 (2020: Nil) was derived from an intellectual property transfer agreement to a single customer.

## 4. REVENUE

An analysis of revenue is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| *Revenue from contracts with customers* | | |
| Revenue from the sale of pharmaceutical products | | |
| – at a point in time | **1,636** | – |
| Revenue from the transfer of an intellectual property | | |
| – at a point in time *(note a)* | **81,246** | – |
| | **82,882** | – |

*Note:*

a. In January 2017, the Group entered into an agreement with an independent third-party customer to transfer an intellectual property in relation to CMAB806, at a consideration of RMB65,180,000 which was further increased to RMB82,180,000 (including value added tax) pursuant to two supplementary agreements signed in September 2019 and February 2020 (collectively the "**Intellectual Property Transfer Agreement on CMAB806**"). The Group recognised revenue from this contract during the reporting period since the control of rights of the intellectual property had been transferred to the customer.

**Revenue from contracts with customers**

***(a) Disaggregated revenue information***

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Geographical market** | | |
| Mainland China | **82,882** | – |
| **Timing of revenue recognition** | | |
| At a point in time | **82,882** | – |

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue from the transfer of an intellectual property | **70,058** | – |

***(b) Performance obligations***

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

*Sale of pharmaceutical products*

The performance obligation is satisfied upon delivery of the products and acceptance by the customer, and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with rights of return and sales rebates which give rise to variable consideration subject to constraint.

*Exclusive right for the commercialisation*

The performance obligation is satisfied overtime during the expected commercialisation period after the commercialisation authorisation from the local authorities is obtained.

In June 2021, the Group entered into an agreement with an independent third-party customer, pursuant to which the Group granted the customer an exclusive right for the commercialisation of CMAB008 in the countries and regions other than Mainland China, Japan, Europe and North America, at a consideration of RMB20,000,000 (including value added tax), while RMB17,500,000 (including value added tax) has been received as at 31 December 2021. Under the agreement, the Group has an exclusive right to manufacture and supply CMAB008 to the customer for further commercialisation to ultimate customers. The Group will recognise revenue over the period of CMAB008 product life cycle with reference to the budgeted manufacture order from the customer (i.e. when the customer receives and consumes the benefits during the commercialisation stage).

*Intellectual property transfer agreement with a customer*

The performance obligation is satisfied upon delivery of the control of rights of the intellectual property and acceptance by the customer.

In December 2020, the Group entered into an agreement with an independent third-party customer to transfer of an intellectual property in relation to CMAB809, at a consideration of RMB50,000,000 (including value added tax) ("**Intellectual Property Transfer Agreement on CMAB809**"). The Group did not recognise revenue from this contract during the reporting period since the control of rights of the intellectual property had not been transferred to the customer.

*Contract development and manufacturing agreement with a customer*

The performance obligation is satisfied upon delivery of the control of rights of the deliverables and acceptance by the customer.

In May 2021, the Group entered into an agreement with an independent third-party customer for contract development and manufacturing in relation to CMAB806, at a consideration of RMB43,860,000 (including value added tax), while RMB24,216,000 (including value added tax) has been received as at 31 December 2021. The Group did not recognise revenue from this contract during the reporting period since the control of rights of the deliverables had not been transferred to the customer.

The amounts of transaction prices allocated to the unsatisfied performance obligations as at 31 December are as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amounts expected to be recognised as revenue: | | |
| Within one year | **88,547** | 132,180 |
| Over one year | **16,510** | – |
| | **105,057** | 132,180 |

## 5. OTHER INCOME

| | 2021 | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank interest income | **1,954** | 9,458 |
| Government grants and subsidies related to income | **12,864** | 22,779 |
| | **14,818** | 32,237 |

## 6. OTHER GAINS AND LOSSES

| | 2021 | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Net foreign exchange losses | **(6,591)** | (31,902) |
| Loss on disposal of plant and equipment | **(73)** | – |
| Others | **27** | 5,188 |
| | **(6,637)** | (26,714) |

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | 2021 | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Depreciation for plant and equipment | **34,739** | 16,280 |
| Depreciation for right-of-use assets | **9,138** | 8,117 |
| Write-down of inventories to net realisable value | **9** | 23 |
| Loss on disposal of plant and equipment | **73** | – |
| Staff cost (including directors' emoluments): | | |
| – Independent non-executive directors' fee | **294** | 321 |
| – Salaries and other benefits | **78,524** | 57,682 |
| – Pension scheme contributions | **7,479** | 731 |
| – Share-based payment expenses | **12,240** | 12,406 |
| – Consultation fee | **534** | 533 |
| | **99,071** | 71,673 |
| Auditors' remuneration | **2,976** | 2,683 |
| Short-term lease payment | **305** | 104 |
| Government grants and subsidies related to income | **(12,864)** | (22,779) |
| Expense incurred on intellectual property transfer agreement on CMAB807 | **66,038** | – |
| Cost of Intellectual Property Transfer Agreement on CMAB806 | **16,769** | – |
| Cost of inventories recognised as expense (included in research and development expenses) | **26,131** | 20,724 |

## 8. FINANCE COSTS

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans | **–** | 1,236 |
| Interest on lease liabilities | **2,403** | 2,706 |
| | **2,403** | 3,942 |

## 9. INCOME TAX

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

Hong Kong profits tax is provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profits tax during the year.

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

Taizhou Pharmaceutical was accredited as a "High and New Technology Enterprise" in November 2018, therefore is entitled to a preferential tax rate of 15% for a three-year period since 2018. In December 2021, Taizhou Pharmaceutical was reaccredited as a "High and New Technology Enterprise", therefore is entitled to a preferential tax rate of 15% for a three-year period since 2021. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authority in the PRC for every three years and Taizhou Pharmaceutical should self-evaluate whether it meets the criteria of High and New Technology Enterprise each year.

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

Pursuant to the relevant EIT Laws, Taizhou Pharmaceutical enjoyed a super deduction of 200% and 175% on qualifying research and development expenditures during the years ended 31 December 2021 and 2020, respectively.

Shengheng Biotech meets the criteria of "Small Low-Profit enterprise", therefore is entitled to a preferential tax rate of 20% during the years ended 31 December 2021 and 2020.

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss before tax | **(291,744)** | (184,632) |
| Income tax expense calculated at 25% | **(72,936)** | (46,158) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions and enacted by local authority | **28,365** | 17,169 |
| Tax effect of expenses not deductible for tax purposes | **3,223** | 3,497 |
| Effect of research and development expenses that are additionally deducted | **(23,785)** | (10,080) |
| Utilisation of tax losses previously not recognised | **(223)** | – |
| Tax effect of tax losses and deductible temporary differences not recognised | **65,356** | 35,572 |
| Income tax expense recognised in profit or loss | **–** | – |

The Group has unused tax losses of RMB892,899,000 available for offset against future profits as of 31 December 2021 (2020: RMB501,964,000). The tax losses of the entity will expire in one to ten years for offsetting against taxable profits of the companies in which the losses arose. The Group had deductible temporary differences of RMB111,488,000 at 31 December 2021 (2020: RMB85,163,000), which are mainly related to deferred income and accrued expenses. The unused tax losses of RMB3,477,000 were expired due to that Taizhou Biotech was merged into Taizhou Pharmaceutical during the year ended 31 December 2021.

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

## 10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

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

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss attributable to ordinary equity holders of the Company for the purpose of calculating basic and diluted loss per share | **(291,744)** | (184,632) |

| | **2021** | 2020 |
|---|---|---|
| | ***'000*** | *'000* |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share | **4,124,080** | 4,124,080 |

The calculation of diluted loss per share for the years ended 31 December 2021 and 2020 did not assume the exercise of the pre-IPO share options since its inclusion would be anti-dilutive.

## 12. LEASES

**The Group as a lessee**

The Group has lease contracts for various items of leasehold land and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owner with lease periods of 50 years, and no ongoing payments will be made under the terms of the land lease. Leases of buildings generally have lease terms between 3 and 18 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

***(a) Right-of-use assets***

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

| | **Leasehold land** | **Buildings** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at 1 January 2020 | 37,402 | 39,944 | 77,346 |
| Additions | – | 4,980 | 4,980 |
| Depreciation charge | (771) | (7,346) | (8,117) |
| As at 31 December 2020 and 1 January 2021 | 36,631 | 37,578 | 74,209 |
| Lease modification | – | 12,303 | 12,303 |
| Depreciation charge | (771) | (8,367) | (9,138) |
| As at 31 December 2021 | 35,860 | 41,514 | 77,374 |

***(b) Lease liabilities to third parties***

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Carrying amount at 1 January | **35,962** | 33,560 |
| New lease | **–** | 4,980 |
| Accretion of interest recognised during the year | **2,263** | 2,275 |
| Payments | **(5,185)** | (4,769) |
| Exchange gain | **(30)** | (84) |
| Carrying amount at 31 December | **33,010** | 35,962 |
| Analysed into: | | |
| Current portion | **5,084** | 4,146 |
| Non-current portion | **27,926** | 31,816 |

***(c) Lease liability to a related party***

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Lease liability to Biomabs *(note)*: | | |
| Carrying amount at 1 January | **4,386** | 8,858 |
| Lease modification | **12,303** | – |
| Accretion of interest recognised during the year | **140** | 431 |
| Payments | **(4,149)** | (4,903) |
| Carrying amount at 31 December | **12,680** | 4,386 |
| Analysed into: | | |
| Current portion | **4,199** | 4,386 |
| Non-current portion | **8,481** | – |

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

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on lease liabilities to third parties | **2,263** | 2,275 |
| Interest on lease liability to a related party | **140** | 431 |
| Depreciation for right-of-use assets | **9,138** | 8,117 |
| Expense relating to a short-term lease | **305** | 104 |
| Total amount recognised in profit or loss | **11,846** | 10,927 |

## 13. TRADE RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **793** | – |
| Impairment | **–** | – |
| | **793** | – |

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30-60 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has certain concentrations of credit risk as the Group's trade receivables are mainly due from several customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing of the trade receivables as at the end of each of the reporting period, based on the invoice date, is less than three months and the expected credit loss is assessed to be minimal.

## 14. PREPAYMENTS AND OTHER RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other receivables | **2,435** | 1,224 |
| Prepayments for research and development services | **13,112** | 11,177 |
| Other deposits and prepayments | **4,261** | 4,185 |
| VAT recoverable *(note)* | **39,038** | 15,087 |
| | **58,846** | 31,673 |

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

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

## 15. TRADE AND OTHER PAYABLES

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **12,860** | 4,466 |
| Accrued expenses for research and development services | **41,643** | 25,334 |
| Other payables for purchases of plant and equipment | **53,433** | 54,088 |
| Salary and bonus payables | **16,256** | 11,185 |
| Other taxes payable | **1,203** | 594 |
| Accrued listing expenses and issue costs | **10,103** | 10,646 |
| Other payables | **4,329** | 6,984 |
| | **139,827** | 113,297 |

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

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 60 days | **11,315** | 2,997 |
| Over 60 days but within 1 year | **1,545** | 1,469 |
| | **12,860** | 4,466 |

Trade and other payables are unsecured, non-interest-bearing and repayable on demand.

## 16. SHARE CAPITAL

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Issued and fully paid: | | |
| 4,124,080,000 (2020: 4,124,080,000) ordinary shares | **2,804** | 2,804 |

## OTHER INFORMATION

### Final Dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2021.

### Use of Net Proceeds from Listing

With the Shares of the Company listed on the Stock Exchange on May 31, 2019 (the "**Listing Date**"), the net proceeds from the Global Offering were approximately HK$1,144.5 million. As at the date of this announcement, the Company used a total of approximately RMB851.1 million of the proceeds, including approximately RMB169.2 million for research and development of our Core Products, approximately RMB404.5 million for production scale-up and construction of new production facilities in Taizhou, PRC, approximately RMB182.6 million for research and development of our other candidate products, approximately RMB74.8 million for working capital and general purpose and approximately RMB20.0 million for acquisition of CMAB807 License. Save as disclosed below, the Company intends to apply such net proceeds in accordance with the purposes as set out in the prospectus of the Company dated May 20, 2019.

The table below sets out the planned applications of the net proceeds of the Global Offering and actual usage up to December 31, 2021:[(1)(2)]

| **Use of proceeds** | **Allocation of the Net Proceeds** *(RMB million)* | **Utilized amount up to December 31, 2021** *(RMB million)* | **Unutilized amount up to December 31, 2021** *(RMB million)* | **Expected timeline for fully utilizing the unutilized amount** |
|---|---|---|---|---|
| For R&D of our Core Products | 180.9 | 169.2 | 11.7 | By June 30, 2022 |
| For production scale-up and construction of new production facilities in Taizhou, PRC | 497.2 | 404.5 | 92.7 | By December 31, 2022 |
| For R&D of our other product candidates | 194.5 | 182.6 | 11.9 | By June 30, 2022 |
| For working capital and other general corporate purposes | 74.8 | 74.8 | 0.0 | – |
| For acquisition of CMAB807 License[(3)] | 20.0 | 20.0 | 0.0 | – |
| Total | 967.4 | 851.1 | 116.3 | |

*Notes:*

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

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

(3) On March 1, 2021, the Board resolved to allocate approximately RMB20 million of the Net Proceeds originally allocated for working capital and other general corporate purposes to finance part of the consideration payable for the acquisition of CMAB807. For further details regarding the acquisition of CMAB807 and the change in use of proceeds, please refer to the announcement and circular of the Company dated March 1, 2021 and April 13, 2021, respectively, published on the websites of the Stock Exchange and the Company.

**Significant Investments, Material Acquisitions and Disposals**

As at December 31, 2021, there were no significant investments held by the Group or future plans regarding significant investment or capital assets.

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 "**Acquisition**"). The transaction was approved by the shareholders at the extraordinary general meeting of the Company on April 30, 2021. For details of the Acquisition, please refer to the announcement and circular of the Company dated March 1, 2021 and April 13, 2021, respectively, published on the websites of the Stock Exchange and the Company.

Save as disclosed above, for the year ended December 31, 2021, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

**Employee and Remuneration Policy**

As of December 31, 2021, we had a total of 484 employees, of which 85 are located in Shanghai and 399 are located in Taizhou. The table below sets forth a breakdown of our employees by function:

| **Function** | **Number of Employees** |
|---|---|
| Business units | 63 |
| R&D personnel [(1)] | 261 |
| Sales and marketing [(2)] | 83 |
| Administration | 29 |
| Management | 48 |
| Total | 484 |

*Notes:*

(1) The number of R&D personnel here excludes 27 R&D team members who have been included in our management.

(2) The number of sales and marketing personnel here excludes our 5 core sales and marketing team members, who have been included in our management.

Our success depends on our ability to attract, recruit and retain qualified employees. We provide our employees with opportunities to work on cutting-edge biologics projects with world-class scientists. We aim to attract qualified employees with overseas educational backgrounds and relevant experience gained from global pharmaceutical or biotechnology companies. As of the date of this announcement, Dr. Li Jing and Dr. Wang Hao of our scientists held a Ph.D. degree or equivalent in fields that are highly relevant to our business. In addition, as of the same date, 178 out of our 288 R&D personnel (including those who are our management) held a bachelor's degree or above.

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

We have established a labor union at Taizhou that represents employees with respect to the promulgation of bylaws and internal protocols. As of December 31, 2021, all of our employees at Taizhou were members of the labor union. We believe that we maintain a good working relationship with our employees. We had not experienced any material difficulty in recruiting employees for our operations during the Reporting Period and up to the date of this announcement.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2021.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the directors' dealings in the securities of the Company.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code during the Reporting Period.

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

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

## MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

## SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## AUDIT COMMITTEE

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

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended December 31, 2021 and has met with the independent auditor, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting principles and policies adopted by the Company and internal control with members of senior management of the Company.

## IMPORTANT EVENTS AFTER THE REPORTING DATE

There are no important events undertaken by the Group after December 31, 2021 and up to the date of this announcement.

## ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, June 17, 2022 (the "**AGM**"). A notice convening the AGM will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.mabpharm.cn) and will be dispatched to the Shareholders within the prescribed time and in such manner as required under the Listing Rules.

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 14, 2022 to Friday, June 17, 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, June 13, 2022.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The annual report for the year ended December 31, 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## APPRECIATION

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

By Order of the Board
**Mabpharm Limited**
**Jiao Shuge**
*Chairman*

Hong Kong, March 25, 2022

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