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, 2022

The Board of Directors of Mabpharm Limited is pleased to announce the consolidated financial results of the Company and its subsidiaries for the year ended December 31, 2022, together with the comparative figures for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2022	2021	Change
	RMB'000	*RMB'000*	*(%)*
Revenue	**55,918**	82,882	(32.5)
Cost of sales	**(15,375)**	(16,777)	(8.4)
Gross profit	**40,543**	66,105	(38.7)
Other income	**27,302**	14,818	84.2
Other gains and losses	**(4,682)**	(6,637)	(29.5)
Selling and distribution expenses	**(28,213)**	(9,423)	199.4
Research and development expenses	**(147,906)**	(263,572)	(43.9)
Administrative expenses	**(90,557)**	(90,632)	(0.1)
Impairment losses on financial assets	**(118)**	–	–
Finance costs	**(7,188)**	(2,403)	199.1
Loss before tax	**(210,819)**	(291,744)	(27.7)
Income tax expense	**–**	**–**	**–**
Loss and total comprehensive expense for the year	**(210,819)**	(291,744)	(27.7)
Attributable to:			
Owners of the Company	**(210,819)**	(291,744)	(27.7)
	RMB	*RMB*	
Loss per share attributable to ordinary equity holders of the Company			
– Basic and diluted	**(0.05)**	(0.07)	(28.6)

	At December 31,	At December 31,	
	2022	2021	Change
	RMB'000	*RMB'000*	*(%)*
Non-current assets	**716,401**	652,132	9.9
Current assets	**201,120**	247,770	(18.8)
Current liabilities	**188,401**	235,004	(19.8)
Net current assets	**12,719**	12,766	(0.4)
Non-current liabilities	**328,176**	62,917	421.6
Net assets	**400,944**	601,981	(33.4)

CORPORATE PROFILE

We are a leading biopharmaceutical company in China, focusing on the research, development and commercialization of new drugs and biosimilar for cancers and autoimmune diseases. We strive to bring to market high quality and affordable innovative biologics through our efficient research and development ("**R&D**") system and low-cost pharmaceutical production capability, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience. Our pipeline of drug candidates currently consists of 9 monoclonal antibody drugs and 1 strong antibody drug, 3 of which are our core products:

✓ **CMAB008 類停®(infliximab):** was approved for marketing by the 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 Pharmaceutical under the Company in China Medical City, Taizhou, Jiangsu Province also successfully passed the good manufacturing practices ("**GMP**") compliance inspection for CMAB008類停® 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.

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). As of the end of 2022, CMAB008類停® has been marketed on the procurement platform across all the provinces within China, and extended presence to over 500 hospitals (of all levels), primary medical institutions and pharmacies. Meanwhile, in addition to general indications, infliximab has been included in the tenth diagnosis and treatment plan of COVID-19 as a remedy, as well as the Expert Consensus on Diagnosis, Treatment and Prevention of COVID-19 among Children (Fifth Edition) for the treatment of multisystem inflammatory syndrome in children ("**MIS-C**"), suggesting further improvement in its role as a guideline. In 2022, we launched over 100 special academic forums on CMAB008 類停®, involving more than 1,000 pharmaceutical experts. Besides, we conducted the relief donation of CMAB008 類停® to give back to the society and benefit the low-income patients. With the progress in both academic fields and contributions to society, CMAB008 類停® has secured remarkable market recognition, which set the solid foundation for its continued rapid growth in sales volume. During the Reporting Period, Taizhou Pharmaceutical, a wholly-owned subsidiary of the Company, entered into an exclusive promotion service agreement with Kexing Biopharm Co., Ltd.* (科興生物製藥股份有限公司) ("**Kexing Biopharm**"), a company listed on the Science and Technology Innovation Board of Shanghai Stock Exchange (stock code: 688136), pursuant to which Taizhou Pharmaceutical granted an exclusive licence to promote CMAB008類停® in mainland China (excluding Hong Kong, Macau and Taiwan regions) to Kexing Biopharm. Taizhou Pharmaceutical receives partnership milestone payments and commercial milestone payments for this exclusive promotion licence, and is expected to generate substantial revenue from ongoing sales in the future. For the details of the above transaction, please refer to the announcement of the Company dated March 31, 2022. With high quality innovative drugs as the foundation, the Company 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. During the Reporting Period, we passed the on-site audit by overseas partners, and expect to pass the first GMP audit of Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme ("**PIC/s**") member countries soon and obtain marketing approval.

✓ **CMAB007 (omalizumab):** completed phase III clinical trials for the indication of asthma and new drug application ("**NDA**") data collation. The NDA for CMAB007 has been submitted to the NMPA in October 2021. It has successfully passed site inspection by the NMPA, and is expected to be approved for commercialization in the second quarter of 2023. We expect that upon commercialization, CMAB007 will be the first home-made omalizumab launched in the domestic market. The Company has been expediting cooperation with China's leading drug sellers for the sale of CMAB007, aiming to rapidly increase the sales of CMAB007. 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. CMAB007 will be the first antibody drug produced in China to treat allergic diseases, and the marketing of CMAB007 will bring more economical and efficient therapeutic alternatives to more than 5 million patients with allergic diseases in China.

✓ **CMAB009:** completed pre-NDA study, and filed NDA to NMPA in March 2023. CMAB009 uses the Chinese hamster ovary cell ("**CHO**") expression system, which is equally effective as the cetuximab drug currently available for treatment of metastatic colorectal cancer ("**mCRC**"), and significantly reduces immunogenicity and decreases the incidence of adverse reactions, such as severe hypersensitivity. CMAB009 is the first anti-epidermal growth factor receptor ("**EGFR**") monoclonal antibody drug developed in China that has been applied with the NMPA for NDA for treatment of colorectal cancer, and it is expected to be approved for marketing in the second quarter of 2024. The marketing of CMAB009 is expected to provide affordable biological sovereign remedy with better efficacy for more than 1 million Chinese patients with tumors. Meanwhile, CMAB009 is also expected to expand its indications to head and neck squamous cell carcinoma. It also offers great potential in treating other cancers when used together with various small molecular drugs

(All the above products are collectively referred to as "**Core Products**").

✓ **CMAB807 (denosumab):** currently under phase III clinical trials for osteoporosis, completed case study and is under data compilation for NDA application. 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, we have obtained approval from the NMPA for clinical trial of our newly developed "strong antibody" drug CMAB017 for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinomas. Compared with currently marketed EGFR anti-body drugs, CMAB017 has better efficacy and safety according to pre-clinical studies. In addition, we have commenced phase I clinical trials for CMAB819 (nivolumab). CMAB015 (secukinumab), a biosimilar developed by us, approval has been obtained and phase I clinical trials have been launched, 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 (ustekinumab), a biosimilar, which promises sound market prospect for the treatment of moderate to severe plaque psoriasis, active psoriatic arthritis, active ankylosing spondylitis and active non-radiographic axial spondyloarthritis. We have also successfully developed a broad-spectrum anti-allergic anti-thymic stromal lymphopoietin ("**TSLP**") monoclonal antibody.

We have strong in-house capabilities in pharmaceutical research, manufacturing, pre-clinical and clinical development. We promote the commercialization of drugs developed by us through business cooperation with leading domestic enterprises engaged in sales of pharmaceutical products, This approach enables us to capitalize on the economies of scale arising from the substantial sales resources and experience of our business partners accumulated throughout the years in disease-specific fields, and to build up and enhance our own distinctive and efficient sales system with a focus on specific indications. We focus on the R&D of monoclonal antibodies. Our core R&D team members have more than 19 years of experience in this area, and have led three major projects under the "863" Program, also called the State High-Tech Development Plan, among other national-level scientific research projects. In addition, one of our core R&D team members is also a member of the 12th 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 completed, and the Company's large-scale GMP production line in construction has been under installation and commissioning, which is expected to start operating in 2023 and will bring the aggregate scale of our cell reactor to over 40,000 liters. 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, 2022:

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 Ulcerative colitis in adults Ankylosing spondylitis Crohn's disease in adults and pediatric patients aged above 6 years old Fistula Crohn's disease 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 2, 2023	PRC and overseas (excluding Japan, North America and Europe)	Xolair®
Cancer	EGFR	Colorectal Cancer	CMAB009 (INN name: Cetuximab)	New Drug/ Core Product					New drug marketing application submitted in March 2023	Quarter 2, 2024	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 4, 2023)	Quarter 4, 2024	Global	Prolia® 博優倍®
		Tumor bone metastasis	CMAB807X (INN name: Denosumab)	Biosimilar					Phase III (Quarter 4, 2023)	Quarter 4, 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 4, 2023)	Quarter 4, 2027	Global	Opdivo®, Keytruda®, Tyvyt®, JS001
Cancer	EGFR	Colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma	CMAB017	Innovative drug					Phase III (Quarter 4, 2024)	Quarter 4, 2028	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 4, 2023)	Quarter 4, 2025	Global	Cosentyx®
Allergy, Inflammatory Disease	IL-5	Asthma and eosinophilic granulomatous polyangitis	CMAB018 (INN name: Mepolizumab)	Biosimilar					Pending submission of clinical trial application (Quarter 4, 2024)	Quarter 4, 2027	Global	Nucala®
Inflammatory Diseases	IL-12 & IL-23	Moderate to severe plaque psoriasis, active psoriatic arthritis, active ankylosing spondylitis, active non-radiographic axial spondyloarthritis	CMAB022 (INN name: Ustekinumab)	Biosimilar					Pending submission of clinical trial application (Quarter 4, 2024)	Quarter 3, 2027	Global	Stelara®
Allergic diseases such as asthma	TSLP	Severe asthma in adults and children aged above 12	CMAB023 (INN name: Tezepelumab)	Biosimilar					Pending submission of clinical trial application (Quarter 2, 2025)	Quarter 2, 2028	Global	TEZSPIRE®

Notes:

1. The research and development of CMAB810 (pertuzumab) and CMAB816 (canakinumab) was suspended in October 2022.

2. We commenced the research and development of CMAB023 (Tezepelumab), a new drug candidate, in August 2022.

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-tumor necrosis factor alpha ("**TNF α**") 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 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 inflammatory bowel disease ("**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 has been 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. As of the end of 2022, CMAB008類停® has been marketed on the procurement platform across all the provinces within China, and extended presence to over 500 hospitals (of all levels), primary medical institutions and pharmacies. Meanwhile, in addition to general indications, infliximab has been included in the tenth diagnosis and treatment plan of COVID-19 as a remedy, as well as the Expert Consensus on Diagnosis, Treatment and Prevention of COVID-19 among Children (Fifth Edition) for the treatment of MIS-C, suggesting further improvement in its role as a guideline. In 2022, we launched over 100 special academic forums on CMAB008 類停®, involving more than 1,000 pharmaceutical experts. Besides, we conducted the relief donation of CMAB008 類停® to give back to the society and benefit the low-income patients. With the progress in both academic fields and contributions to society, CMAB008 類停® has secured remarkable market recognition, which set the solid foundation for its continued rapid growth in sales volume. During the Reporting Period, Taizhou Pharmaceutical entered into an exclusive promotion service agreement with Kexing Biopharm, pursuant to which Taizhou Pharmaceutical granted an exclusive licence to promote CMAB008類停® in mainland China (excluding Hong Kong, Macau and Taiwan regions) to Kexing Biopharm. Taizhou Pharmaceutical receives partnership milestone payments and commercial milestone payments for this exclusive promotion licence, and is expected to generate substantial revenue from ongoing sales in the future. For the details of the above transaction, please refer to the announcement of the Company dated March 31, 2022.

With high quality innovative drugs as the foundation, the Company 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. During the Reporting Period, we passed the on-site audit by overseas partners, and expect to pass the first GMP audit of PIC/s nations soon and obtain marketing approval.

CMAB007 (omalizumab)

CMAB007 (omalizumab), a recombinant humanized anti-immunoglobulin E ("**IgE**") monoclonal antibody, is our new drug candidate for treatment of asthma patients who remain inadequately controlled despite medium/high dose of inhaled corticosteroids ("**ICS**") plus long-acting beta-agonists ("**LABA**"). We believe that, once approved by the NMPA for marketing, it will be the first mAb asthma therapy developed by a domestic company marketed in the domestic market of 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 Monoclonal antibody treating asthma in China. Based on our clinical trial results, CMAB007 can improve asthma patients' conditions with lower-dose ICS and reduce the incidence of acute asthma attacks.

The NDA for CMAB007 has been submitted to the NMPA in October 2021, and it has successfully passed site inspection by the NMPA. It is expected to be approved for commercialization in the second quarter of 2023. We expect that upon commercialization, CMAB007 will be the first home-made omalizumab launched in the domestic market. The Company has been expediting cooperation with China's leading drug sellers for the sale of CMAB007, aiming to rapidly increase the sales of CMAB007. 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 and bring more economical and efficient therapeutic alternatives to more than 5 million patients with allergic diseases in China.

CMAB009

CMAB009, a recombinant anti-EGFR chimeric monoclonal antibody, is our new drug candidate based on cetuximab for first-line treatment of mCRC in combination with FOLFIRI. CMAB009 is the first anti-EGFR monoclonal antibody drug developed in China that applied with the NMPA for NDA for treatment of colorectal cancer. 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. Based on our clinical trial results compared to published clinical trial results for currently marketed cetuximab products, CMAB009 is equally effective as the cetuximab drug currently available for treatment of mCRC, and significantly reduces immunogenicity and decreases the incidence of adverse reactions, such as severe hypersensitivity.

During the Reporting Period, CMAB009 has completed pre-NDA study, filed NDA to NMPA in March 2023, and it is expected to be approved for marketing in the second quarter of 2024. The marketing of CMAB009 is expected to provide affordable biological sovereign remedy with better efficacy for more than 1 million Chinese patients with tumors. Meanwhile, CMAB009 is also expected to expand its indications to head and neck squamous cell carcinoma. It also offers great potential in treating other cancers when used together with various small molecular drugs.

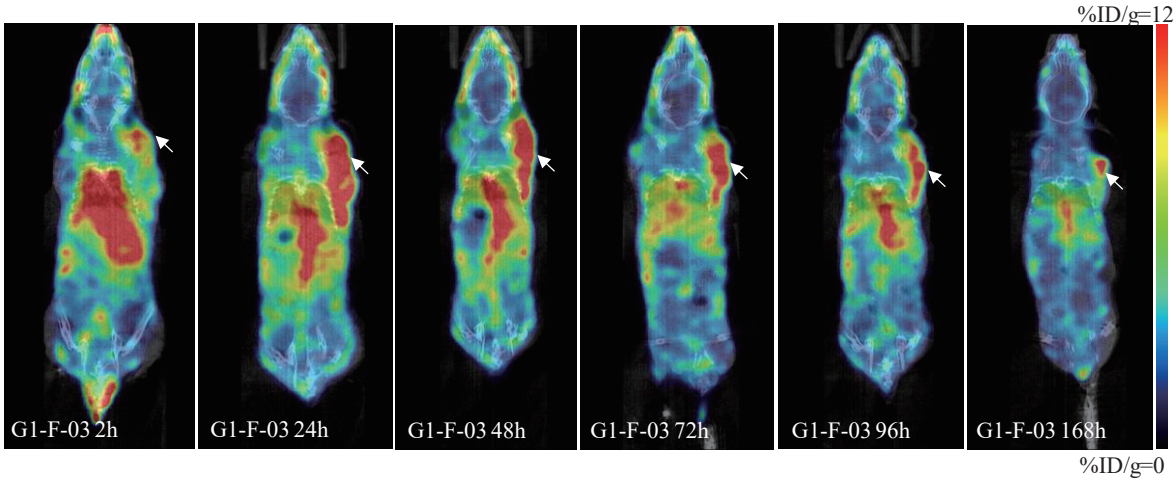
Other Product Candidates

CMAB807 (denosumab) is a human immunoglobulin G2 ("**IgG2**") monoclonal antibody with affinity and specificity for human receptor activator of nuclear factor kappa-B ligand ("**RANKL**"), 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 study. We expect that CMAB807 will be approved by NMPA for marketing in the fourth 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 fourth quarter of 2023. It is currently expected that CMAB807X will be approved by NMPA for marketing in the fourth quarter of 2027 for the treatment for 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. 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).

CMAB017 (anti-EGFR probody) is an innovative probody drug, and has been approved by the NMPA for clinical trials for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinomas. 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 2028. Regarding CMAB017, the design of blocking peptide is expected to significantly reduce adverse skin reactions, gastrointestinal mucosa, etc. The selection of human immunoglobulin G1 ("**IgG1**") constant region can enhance the effect mediated by Fc fragment of antibody and thus improve the curative effect. CMAB017 is a biological class I new drug with better efficacy and safety than similar products available on the market, 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 advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma.



CMAB015 (secukinumab) is a biosimilar candidate for secukinumab, and has been approved by the NMPA for clinical trials of the treatment of psoriasis and ankylosing spondylitis. We have launched phase I clinical trials for CMAB015. 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 β1. IL-12 and IL-23 are two natural proteins, which play a key role in immune-mediated inflammatory diseases, including plaque psoriasis, psoriatic arthritis and Crohn's disease, indications include: moderate to severe plaque psoriasis in adult patients who are candidates for systemic therapy or phototherapy; adults with active psoriatic arthritis (PsA); adults with active ankylosing spondylitis (AS); adults with active non-radiographic axial spondyloarthritis (nr-axSpA) with objective signs of inflammation. The pilot processes are currently in development. We expect to apply for clinical trials in the fourth quarter of 2024 and CMAB022 may be approved by the NMPA for marketing in the third 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 fourth quarter of 2024. We expect that CMAB018 may be approved by the NMPA for marketing in the fourth quarter of 2027. CMAB018 targets interleukin 5 ("**IL-5**") in treating severe asthma and eosinophilic granulomatous polyangiitis.

CMAB023 is an anti-TSLP IgG2-lambda monoclonal antibody, and a biosimilar drug candidate for TEZSPIRE (Tezepelumab). TSLP is a key epithelial cytokine in response to pro-inflammatory stimuli (such as lung allergens, viruses and other pathogens), which can be found at the top of multiple inflammatory cascades and will trigger excessive and sustained immune response to airway inflammation relating to severe asthma such as eosinophilia. Therefore, the early upstream activity of TSLP in the inflammatory cascade has been identified as a potential target in a wide range of asthma patients. Blocking TSLP can prevent immune cells from releasing pro-inflammatory cytokines, thus preventing asthma from deterioration and enhancing control over asthma. We have successfully developed CMAB023, which has completed cell line construction and is under process development. It is expected that CMAB023 will apply for clinical trials in the second quarter of 2025, and obtain marketing approval from the NMPA in the second quarter of 2028. As a broad-spectrum anti-allergic antibody drug, it covers broader scope of allergic patients, offers a better curative effect, and contributes significantly to mitigating the deterioration of asthma among patients with severe asthma.

Currently, we focus more on autoimmune diseases. In light of the competitive products in the market and the subsequent research and development of more desirable drugs, we have suspended the R&D of CMAB810 (pertuzumab) and CMAB816 (canakinumab).

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 markets. Within our product pipeline, CMAB008 has been marketed and commercialized, CMAB007 is due to be approved soon for marketing while the NDA application for CMAB009 has been submitted, and CMAB807 is at the finalization 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 product preparation in compliance with 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 completed the construction of the plant. In particular, the Company's large-scale GMP production line in construction has been under installation and commissioning, which is expected to start operating in 2023 and will bring the aggregate scale of our cell reactor to over 40,000 liters.

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, as well as the strong sales teams of our partners who possess profound experience in fields of specific diseases, 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, launched drug registration in over 30 countries, and will soon obtain the first PIC/s certification for our products, thereby laying the solid foundation for the commercialization of our drug products in the global market.

We have been striving to choose the optimal business model to promote the commercialization of our products based on changes in China's overall pharmaceutical market and its segments, and adopt corresponding sales and marketing strategies, including cooperation with sales partners and to establish an in-house sales team in potential niche markets. Joining forces with our sales partners, we will focus on precision marketing through academic promotion and center around increasing knowledge and awareness of the clinical benefits of our pharmaceuticals among medical professionals. We intend to focus on hospitals with potential clinical demand for our products as our primary customer base. We intend to continue to communicate frequently with major hospitals in China to understand 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 launch and 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. We have implemented certain procedures to ensure that the academic promotion and general marketing efforts made by us and our business partners are in compliance with applicable laws and regulations.

We sell our products to (i) distributors that sell our products to hospitals and (ii) direct-to-patient pharmacies and others. We have established 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 sales providers and distributors according to their qualification, reputation, market coverage and sale experience. Sales service providers are expected to have long-term experience in prescription drug sales and a proven track record, while 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 join forces with our partners to 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 are collaborating 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 CMAB007, and completing clinical trials and the eventual commercialization of our current pipeline of other drug candidates, including, in particular, CMAB009, CMAB807, CMAB015 and CMAB022. 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 working with partners to build a sales team composed of professionals with extensive academic promotion experience and strong competence. Our goal is to generate stable revenue stream and profitability through cooperation with leading enterprises in China and cultivating our in-house sales team to enhance our commercialization capacity.

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, 2022 with comparative figures for the corresponding period in the previous year, which has been reviewed by the Audit Committee.

FINANCIAL REVIEW

The following table summarizes our results of operations for the year ended December 31, 2022 and 2021:

	For the year ended December 31,			
	2022	2021	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Revenue	**55,918**	82,882	(26,964)	(32.5)
Cost of sales	**(15,375)**	(16,777)	1,402	(8.4)
Gross profit	**40,543**	66,105	(25,562)	(38.7)
Other income	**27,302**	14,818	12,484	84.2
Other gains and losses	**(4,682)**	(6,637)	1,955	(29.5)
Selling and distribution expenses	**(28,213)**	(9,423)	(18,790)	199.4
Research and development expenses	**(147,906)**	(263,572)	115,666	(43.9)
Administrative expenses	**(90,557)**	(90,632)	75	(0.1)
Impairment losses on financial assets	**(118)**	–	(118)	–
Finance costs	**(7,188)**	(2,403)	(4,785)	199.1
Loss before tax	**(210,819)**	(291,744)	80,925	(27.7)
Income tax expense	**–**	–	–	–
Loss and total comprehensive expense for the year	**(210,819)**	(291,744)	80,925	(27.7)
Attributable to:				
Owners of the Company	**(210,819)**	(291,744)	80,925	(27.7)
	RMB	*RMB*		
Loss per share attributable to ordinary equity holders of the Company				
– Basic and diluted	**(0.05)**	(0.07)	0.02	(28.6)

REVENUE

Revenue of the Group decreased from RMB82.9 million for the year ended December 31, 2021 to RMB55.9 million for the year ended December 31, 2022, primarily because total revenue did not exceed the amount generated from the intellectual property transfer agreement on CMAB806 recognised in the previous year despite an increase in revenue from other sources during the Reporting Period as compared with the previous year.

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

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue from the sale of pharmaceutical products	**21,544**	1,636
Revenue from exclusive rights for commercialisation in Mainland China	**10,613**	–
Revenue from CDMO contracts	**23,761**	–
Revenue from the intellectual property transfer agreement on CMAB806	**–**	81,246
	55,918	82,882

COST OF SALES

Cost of sales of the Group decreased from RMB16.8 million for the year ended December 31, 2021 to RMB15.4 million for the year ended December 31, 2022, primarily due to a corresponding decrease in revenue.

OTHER INCOME

Other income of the Group increased from RMB14.8 million for the year ended December 31, 2021 to RMB27.3 million for the year ended December 31, 2022, which was primarily due to a significant increase in government grants and subsidies related to income during the Reporting Period. Set out below are the components of other income for the periods indicated:

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Bank interest income	**382**	1,954
Government grants and subsidies related to income	**26,920**	12,864
	27,302	14,818

OTHER GAINS AND LOSSES

Other losses of the Group decreased by 29.5% from RMB6.6 million losses for the year ended December 31, 2021 to RMB4.7 million losses for the year ended December 31, 2022, which was primarily due to a decrease in foreign exchange losses during the Reporting Period as compared with the previous year. Set out below are the components of other gains and losses for the periods indicated:

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Net foreign exchange losses	**(4,000)**	(6,591)
Gains/(losses) on disposal of property, plant and equipment	**33**	(73)
Gain on termination of a lease contract	**240**	–
Fair value gains on financial assets at fair value through profit or loss	**44**	–
Others	**(999)**	27
	(4,682)	(6,637)

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of pipelines of the Group decreased by 43.9% from RMB263.6 million for the year ended December 31, 2021 to RMB147.9 million for the year ended December 31, 2022, mainly due to the fact that no intellectual property license-in expense was incurred during the Reporting Period as compared with the previous year.

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,	
	2022	2021
	RMB'000	*RMB'000*
Contracting costs	**57,872**	98,348
Raw materials and consumables	**18,966**	26,131
Staff costs	**43,054**	47,765
Depreciation	**17,602**	13,676
Intellectual property license-in expenses	**–**	66,038
Others	**10,412**	11,614
Total	**147,906**	263,572

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group remain relatively stable for the years ended 31 December 2021 and 2022.

Administrative expenses of the Group primarily comprise 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,	
	2022	2021
	RMB'000	*RMB'000*
Staff costs	**42,552**	41,562
Depreciation	**26,036**	27,779
Others	**21,969**	21,291
Total	**90,557**	90,632

FINANCE COSTS

Finance costs of the Group increased by 199.1% from RMB2.4 million for the year ended December 31, 2021 to RMB7.2 million for the year ended December 31, 2022, which was primarily due to an increase in interest expense arising from loans from a related party amounted to RMB45.0 million, a loan from a commercial bank amounted to RMB29.65 million and a loan from a third-party amounted to US$7.5 million during the Reporting Period.

The Group's finance costs mainly include interests on related-party borrowings, bank and other borrowings and lease liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balances decreased by 58.8% from RMB81.6 million as at December 31, 2021 to RMB33.6 million as at December 31, 2022 due to the utilization of funds for the purposes of production, research and development as well as operation as scheduled.

Current pledged bank deposits decreased by 100.0% from approximately RMB34.7 million as at December 31, 2021 to nil as at December 31, 2022, which was attributable to the release of the deposit pledged with the bank for bank credit letter issued for procurement of facilities at Taizhou production site.

Financial assets at fair value through profit or loss increased from nil as at December 31, 2021 to RMB15.0 million as at December 31, 2022 due to the purchase of certain financial products to maximize return on capital.

As of December 31, 2022, we had unutilized bank loan facilities of RMB50.0 million.

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

	As at December 31,		
	2022	2021	Change
	RMB'000	*RMB'000*	*(%)*
Current Assets			
Trade receivables	**9,532**	793	1102.0
Prepayments and other receivables	**41,733**	58,846	(29.1)
Amounts due from a related party	**446**	9,452	(95.3)
Inventories	**100,797**	53,211	89.4
Contract costs	**–**	9,164	(100.0)
Financial assets at fair value through profit or loss	**15,044**	–	–
Pledged bank deposits	**–**	34,748	(100.0)
Cash and bank balances	**33,568**	81,556	(58.8)
Total	**201,120**	247,770	(18.8)

INDEBTEDNESS

As at December 31, 2022, we did not have non-trade amounts due to a related party, while had lease liabilities of RMB41.6 million, interest-bearing bank and other borrowings of RMB84.7 million and loans from a related party of RMB45.0 million. As at 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, lease liabilities, interest-bearing bank and other borrowings and loans from a related party at the dates indicated:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Unsecured and unguaranteed amounts due to Biomabs	**–**	739
Lease liabilities	**41,629**	45,690
Interest-bearing bank and other borrowings	**84,708**	–
Loans from Biomabs	**45,000**	–

As at December 31, 2022, 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 RMB41.6 million.

CONTINGENT LIABILITIES, CHARGE OF ASSETS AND GUARANTEES

As at December 31, 2022, the 100,746-square-meter land located at No. 288 Xiangtai Road of the Taizhou Hi-tech Zone with a carrying amount of RMB35.1 million and several production and office buildings with a total floor area of 50,835 square meters located in the same address above and with a carrying amount of RMB108.1 million were pledged to Bank of Communications Co., Ltd. Taizhou Branch as security for the bank loans of the Group amounting to RMB29.7 million as at December 31, 2022.

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, 2022, 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 56.3% debt and 43.7% equity as at December 31, 2022, compared with 33.1% debt and 66.9% equity as at December 31, 2021.

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 the Hong Kong dollars and the U.S. dollars. The conversion of foreign currencies, including the 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, 2022, the gearing ratio of the Group was 56.3% (as at December 31, 2021: 33.1%).

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

	At December 31,	
	2022	2021
Current ratio[(1)]	**1.1**	1.1
Quick ratio[(2)]	**0.5**	0.8

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.

As at December 31, 2021 and December 31, 2022, our current ratio was 1.1, and our quick ratio decreased from 0.8 as at December 31, 2021 to 0.5 as at December 31, 2022, primarily due to an increase in inventories in relation with the increase in sales volume of pharmaceutical products.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Revenue	*4*	**55,918**	82,882
Cost of sales		**(15,375)**	(16,777)
Gross profit		**40,543**	66,105
Other income	*5*	**27,302**	14,818
Other gains and losses	*6*	**(4,682)**	(6,637)
Selling and distribution expenses		**(28,213)**	(9,423)
Research and development expenses		**(147,906)**	(263,572)
Administrative expenses		**(90,557)**	(90,632)
Impairment losses on financial assets		**(118)**	–
Finance costs	*8*	**(7,188)**	(2,403)
Loss before tax	*7*	**(210,819)**	(291,744)
Income tax expense	*9*	**–**	–
Loss and total comprehensive expense for the year		**(210,819)**	(291,744)
Attributable to:			
Owners of the Company		**(210,819)**	(291,744)
Loss per share attributable to ordinary equity holders of the Company	*11*		
– Basic		**RMB(0.05)**	RMB(0.07)
– Diluted		**RMB(0.05)**	RMB(0.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000*
Non-current assets			
Property, plant and equipment		**636,306**	483,673
Right-of-use assets	*12*	**67,707**	77,374
Other non-current assets		**11,977**	90,674
Rental deposit to a related party		**411**	411
Total non-current assets		**716,401**	652,132
Current assets			
Trade receivables	*13*	**9,532**	793
Prepayments and other receivables	*14*	**41,733**	58,846
Amounts due from a related party		**446**	9,452
Inventories		**100,797**	53,211
Contract costs		**–**	9,164
Financial assets at fair value through profit or loss ("**FVTPL**")		**15,044**	–
Pledged bank deposits		**–**	34,748
Cash and bank balances		**33,568**	81,556
Total current assets		**201,120**	247,770
Current liabilities			
Trade and other payables	*15*	**148,328**	139,827
Amounts due to a related party		**180**	47,964
Lease liabilities to third parties	*12*	**8,442**	5,084
Lease liability to a related party	*12*	**4,849**	4,199
Contract liabilities		**19,552**	21,440
Deferred income		**7,050**	16,490
Total current liabilities		**188,401**	235,004
Net current assets		**12,719**	12,766
Total assets less current liabilities		**729,120**	664,898

	Notes	2022 *RMB'000*	2021 *RMB'000*
Non-current liabilities			
Deferred income		**10,405**	10,000
Amounts due to a related party		**92,697**	–
Contract liabilities		**112,028**	16,510
Interest-bearing bank and other borrowings		**84,708**	–
Lease liabilities to third parties	*12*	**23,952**	27,926
Lease liability to a related party	*12*	**4,386**	8,481
Total non-current liabilities		**328,176**	62,917
Net assets		**400,944**	601,981
Capital and reserves			
Share capital	*16*	**2,804**	2,804
Reserves		**398,140**	599,177
Total equity		**400,944**	601,981

NOTES TO FINANCIAL STATEMENTS

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 were 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 KY1-9008, Cayman Islands and the principal place of business is located at Block G79, Lujia Road East, Koutai Road West, China Medical City, Taizhou, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in 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, manufacturing, technical consulting, technology transfer and provision of 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 provision of 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.

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, except for certain financial instruments which have been measured at fair value. 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 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2,4]
Amendments to IAS1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

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

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

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of 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 RMB23,761,000 was derived from a contract development and manufacturing agreement with a single customer (2021: RMB81,246,000 was derived from an intellectual property transfer agreement to a single customer).

4. REVENUE

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Revenue from the sale of pharmaceutical products	**21,544**	1,636
Revenue from the exclusive right for the commercialisation in Mainland China	**10,613**	–
Revenue from the contract development and manufacturing agreement	**23,761**	–
Revenue from the transfer of an intellectual property	**–**	81,246
	55,918	82,882

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
Geographical market		
Mainland China	**55,918**	82,882
Timing of revenue recognition		
Over time	**10,613**	–
At a point in time	**45,305**	82,882
	55,918	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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from the sale of pharmaceutical products	**10**	–
Revenue from the contract development and manufacturing agreement	**21,430**	–
Revenue from the transfer of an intellectual property	**–**	70,058
	21,440	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 90 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 RMB20,000,000 (including value added tax) has been received as at 31 December 2022. 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).

In March 2022, 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 Mainland China, at a consideration of RMB150,000,000 (including value-added tax), while an amount of RMB125,000,000 (including value-added tax) has been received as at 31 December 2022. The Group recognized revenue over the period of CMAB008 product life cycle (10 years) of the contract.

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.

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 RMB32,288,000 (including value added tax) has been received as at 31 December 2022. The Group recognised revenue from this contract during the reporting period since the control of rights of the partial deliverables had been transferred to the customer.

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

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**29,204**	88,547
Over one year	**135,613**	16,510
	164,817	105,057

5. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Bank interest income	**382**	1,954
Government grants and subsidies related to income	**26,920**	12,864
	27,302	14,818

6. OTHER GAINS AND LOSSES

	2022	2021
	RMB'000	*RMB'000*
Net foreign exchange losses	**(4,000)**	(6,591)
Gains/(losses) on disposal of property, plant and equipment	**33**	(73)
Gains on termination of a lease contract	**240**	–
Fair value gains on financial assets at FVTPL	**44**	–
Others	**(999)**	27
	(4,682)	(6,637)

7. LOSS BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	**42,573**	34,739
Depreciation for right-of-use assets	**8,976**	9,138
Write-down of inventories to net realisable value	**–**	9
(Gains)/losses on disposal of property, plant and equipment	**(33)**	73
Gains on termination of a lease contract	**(240)**	–
Impairment losses on financial assets – Impairment of trade receivables	**118**	–
Fair value gains on financial assets at FVTPL	**(44)**	–
Foreign exchange differences, net	**4,000**	6,591
Staff cost (including directors' emoluments):		
– Independent non-executive directors' fee	**308**	294
– Salaries and other benefits	**81,212**	78,524
– Pension scheme contributions	**8,368**	7,479
– Share-based payment expenses	**9,782**	12,240
– Consultation fee	**533**	534
	100,203	99,071
Auditors' remuneration	**3,328**	2,976
Short-term lease payment	**376**	305
Government grants and subsidies related to income	**(26,920)**	(12,864)
Expense incurred on intellectual property transfer agreement on CMAB807	**–**	66,038
Cost of inventories sold and services provided	**13,980**	8
Cost of intellectual property transfer agreement on CMAB806	**1,395**	16,769
Cost of inventories recognised as expense (included in research and development expenses)	**18,966**	26,131

8. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest on loans from a related party	**527**	–
Interest on bank and other borrowings	**3,937**	–
Interest on lease liabilities	**2,724**	2,403
	7,188	2,403

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% (2021: 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.

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 175% on qualifying research and development expenditures during the years ended 31 December 2022 and 2021. In addition, Taizhou Pharmaceutical enjoyed a super deduction of 200% on qualifying research and development expenditures during the three months from 1 October 2022 to 31 December 2022.

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

	2022	2021
	RMB'000	*RMB'000*
Loss before tax	**(210,819)**	(291,744)
Income tax expense calculated at 25%	**(52,705)**	(72,936)
Effect of different tax rates of subsidiaries operating in other jurisdictions and enacted by local authority	**19,108**	28,365
Tax effect of expenses not deductible for tax purposes	**3,496**	3,223
Effect of research and development expenses that are additionally deducted	**(12,062)**	(23,785)
Utilisation of tax losses previously not recognised	**–**	(223)
Tax effect of tax losses and deductible temporary differences not recognised	**42,163**	65,356
Income tax expense recognised in profit or loss	**–**	–

The Group has unused tax losses of RMB1,101,410,000 available for offset against future profits as of 31 December 2022 (2021: RMB892,899,000). 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 RMB140,368,000 at 31 December 2022 (2021: RMB111,488,000), which are mainly related to deferred income and accrued expenses.

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

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: 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:

	2022	2021
	RMB'000	*RMB'000*
Loss attributable to ordinary equity holders of the Company for the purpose of calculating basic and diluted loss per share	**(210,819)**	(291,744)

	2022	2021
	'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 2022 and 2021 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 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 and 1 January 2021	35,860	41,514	77,374
Additions	–	488	488
Lease modification	–	49	49
Depreciation charge	(771)	(8,205)	(8,976)
Termination of a lease contract	–	(1,228)	(1,228)
As at 31 December 2022	35,089	32,618	67,707

(b) Lease liabilities to third parties

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

	2022	2021
	RMB'000	*RMB'000*
Carrying amount at 1 January	**33,010**	35,962
New lease	**488**	–
Lease modification	**49**	–
Accretion of interest recognised during the year	**2,020**	2,263
Termination of a lease contract	**(1,468)**	–
Payments	**(1,750)**	(5,185)
Exchange loss/(gain)	**45**	(30)
Carrying amount at 31 December	**32,394**	33,010
Analysed into:		
Current portion	**8,442**	5,084
Non-current portion	**23,952**	27,926

(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:

	2022	2021
	RMB'000	*RMB'000*
Lease liability to Biomabs *(note)*:		
Carrying amount at 1 January	**12,680**	4,386
Lease modification	**–**	12,303
Accretion of interest recognised during the year	**704**	140
Payments	**(4,149)**	(4,149)
Carrying amount at 31 December	**9,235**	12,680
Analysed into:		
Current portion	**4,849**	4,199
Non-current portion	**4,386**	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:

	2022	2021
	RMB'000	*RMB'000*
Interest on lease liabilities to third parties	**2,020**	2,263
Interest on lease liability to a related party	**704**	140
Depreciation for right-of-use assets	**8,976**	9,138
Expense relating to short-term leases	**376**	305
Total amount recognised in profit or loss	**12,076**	11,846

13. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**9,650**	793
Impairment	**(118)**	–
	9,532	793

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**8,357**	793
4 to 6 months	**1,166**	–
7 to 9 months	**9**	–
	9,532	793

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses	**118**	–
At end of year	**118**	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	With 3 months	**4 to 6 months**	**7 to 9 months**	**10 to 12 months**	**Over 12 months**	**Total**
Expected credit loss rate	**0.42%**	**3.80%**	**10.00%**	**33.33%**	**100.00%**	
Gross carrying amount *(RMB'000)*	**8,392**	**1,212**	**10**	**–**	**36**	**9,650**
Expected credit losses *(RMB'000)*	**35**	**46**	**1**	**–**	**36**	**118**

14. PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Other receivables	**1,484**	2,435
Prepayments for research and development services	**7,651**	13,112
Other deposits and prepayments	**3,418**	4,261
VAT recoverable *(note)*	**29,180**	39,038
	41,733	58,846

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 2022 and 2021, the loss allowance was assessed to be minimal.

15. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**16,586**	12,860
Accrued expenses for research and development services	**39,877**	41,643
Other payables for purchases of property, plant and equipment	**51,244**	53,433
Salary and bonus payables	**14,856**	16,256
Other taxes payable	**935**	1,203
Accrued listing expenses and issue costs	**11,037**	10,103
Other payables	**13,793**	4,329
	148,328	139,827

Payment terms with suppliers are mainly on credit with 60 days from the time when the goods and/or services are received/rendered 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:

	2022	2021
	RMB'000	*RMB'000*
Within 60 days	**9,794**	11,315
Over 60 days but within 1 year	**6,792**	1,545
	16,586	12,860

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

16. SHARE CAPITAL

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid:		
4,124,080,000 (2021: 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, 2022.

Use of Net Proceeds from Listing

With the Shares of the Company listed on the Stock Exchange on 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 RMB967.4 million of the proceeds, including approximately RMB180.9 million for research and development of our Core Products, approximately RMB497.2 million for production scale-up, approximately RMB194.5 million for research and development of our other candidate products, approximately RMB74.8 million for working capital and general purpose, and RMB2.0 million for the 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, 2022:[(1)]

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

Notes:

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

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2022, there were no significant investments held by the Group or future plans regarding significant investment or capital assets, and we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Employee and Remuneration Policy

As of December 31, 2022, we had a total of 417 employees, of which 93 are located in Shanghai and 324 are located in Taizhou. The table below sets forth a breakdown of our employees by function:

Function	**Number of Employees**
Business units	**70**
R&D personnel[(1)]	**280**
Administration	**32**
Management	**35**
Total	**417**

Notes:

(1) The number of R&D personnel here excludes 25 R&D 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, 216 out of our 305 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, 2022, 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 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, 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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, 2022 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 Mr. Leung, Louis Ho Ming and Mr. Guo Liangzhong and one non-executive Director namely Mr. Jiao Shuge. Mr. Leung, Louis Ho Ming 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, 2022 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, 2022 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on June 16, 2023 (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 13, 2023 to Friday, June 16, 2023, 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 12, 2023.

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, 2022 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.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Audit Committee"	the audit committee of the Board
"Biomabs"	Shanghai Biomabs Pharmaceuticals Co., Ltd. (上海百邁博製藥有限公司), a limited liability company incorporated in the PRC on October 16, 2009 and a direct wholly-owned subsidiary of Sinomab as of the date of this announcement
"Board" or "Board of Directors"	the board of Directors of the Company
"CDMO"	Contract Development and Manufacturing Organization
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Mabpharm Limited (迈博药业有限公司), an exempted company incorporated in the Cayman Islands with limited liability on June 1, 2018 and whose Shares are listed on the Stock Exchange on the Listing Date
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this announcement, our Core Products include CMAB007, CMAB009 and CMAB008
"Director(s)"	the director(s) of our Company
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time

"HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or whichis/are not connected (within the meaning of the Listing Rules) with any Directors, chief executives or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"Listing"	the listing of Shares on the Main Board of the Stock Exchange on May 31, 2019
"Listing Date"	May 31, 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) of China, formerly known as China's Food and Drug Administration ("CFDA") (國家食品藥品監督管理局) or China's Drug Administration ("CDA") (國家藥品監督管理局); references to NMPA include CFDA and CDA
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this announcement, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus issued by the Company on May 20, 2019 in connection with the Hong Kong public offering of the Shares
"Reporting Period"	twelve months from January 1, 2022 to December 31, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	ordinary share(s) in the capital of the Company with nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sinomab"	Sinomab Limited (formerly known as Mabtech Limited), a limited liability company incorporated in the Cayman Islands on September 4, 2014, and a company which the controlling shareholder of the Company and its associate in aggregate indirectly control 66.67% voting rights as of the date of this announcement
"Taizhou Pharmaceutical"	Taizhou Mabtech Pharmaceutical Limited* (泰州邁博太科藥業有限公司), a limited liability company incorporated in the PRC on February 4, 2015 and an indirect wholly-owned subsidiary of the Company

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 24, 2023

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 Mr. Leung, Louis Ho Ming as independent non-executive Directors.