Clover Biopharmaceuticals, Ltd.
三葉草生物製藥有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2197)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board is pleased to announce the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended December 31, 2021. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee of the Company and audited by the Company's auditor, Ernst & Young.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Cash and bank balances	**1,856,513**	2,835,259

	Year Ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Other income and gains	**23,246**	38,262
Administrative expenses	**(410,237)**	(345,710)
Research and development expenses	**(1,465,324)**	(1,826,301)
Loss for the year	**(2,451,903)**	(6,016,303)
Adjusted loss for the year*	**(2,356,880)**	(2,083,451)

* Adjusted loss for the year is not defined under the IFRSs. It represents the loss for the year excluding the effect brought by share-based payment expenses and fair value changes of convertible redeemable preferred shares.

IFRS Measures:

Cash and bank balances, including time deposits, restricted cash and pledged deposits, decreased by RMB978.8 million from RMB2,835.3 million as of December 31, 2021 to RMB1,856.5 million as of December 31, 2022, primarily due to preparations for the commercialization of SCB-2019 (CpG 1018/Alum) including a strategic procurement and stockpiling campaign for key raw material inventory and continued investment in R&D activities.

Other income and gains decreased by RMB15.1 million from RMB38.3 million for the year ended December 31, 2021 to RMB23.2 million for the year ended December 31, 2022, primarily due to the absence of net foreign exchange gain that was recorded for the year ended December 31, 2021.

Administrative expenses increased by RMB64.5 million from RMB345.7 million for the year ended December 31, 2021 to RMB410.2 million for the year ended December 31, 2022. Notwithstanding the headcount reductions in general and administrative functions in the second half of 2022 to streamline the organization, the annualization of personnel cost in 2022 increased as compared to 2021, primarily attributable to new hires, most of whom onboarded in mid-2021. The increase was partially offset by the decrease in third-party recruitment agency costs and IPO Listing expenses.

Research and development expenses decreased by RMB361.0 million from RMB1,826.3 million for the year ended December 31, 2021 to RMB1,465.3 million for the year ended December 31, 2022. This decrease was primarily attributable to a significant decrease in clinical trial expenses as the late-stage clinical development for SCB-2019 (CpG 1018/Alum) was substantially completed in 2021. The decrease was partially offset by the increase in raw materials and consumables usage and CDMO service fees related to technology transfer and process validation which have been substantially completed in 2022.

Loss for the year decreased by RMB3,564.4 million from RMB6,016.3 million for the year ended December 31, 2021 to RMB2,451.9 million for the year ended December 31, 2022. The decrease was primarily attributable to the fair value loss on convertible redeemable preferred shares decreasing from RMB3,807.6 million for the year ended December 31, 2021 to nil for the year ended December 31, 2022, as all of the Company's preferred shares were converted to Shares upon the Listing Date, and there have been no such fair value losses incurred since then.

Non-IFRS Measures:

Adjusted loss for the year represents the loss for the year excluding the effect brought by share-based payment expenses and certain non-cash items and non-recurring events, namely the fair value changes of convertible redeemable preferred shares.

The term adjusted loss for the year is not defined under the IFRS. The table below sets forth a reconciliation of the loss for the year to adjusted loss for the year:

	Year Ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(2,451,903)**	(6,016,303)
Added:		
Fair value changes of convertible redeemable preferred shares	**–**	3,807,638
Share-based payment expenses	**95,023**	125,214
Adjusted loss for the year	**(2,356,880)**	(2,083,451)

BUSINESS HIGHLIGHTS

During the Reporting Period, the Company made significant progress in advancing our product pipeline and optimizing our business operations:

Our Products and Candidates

SCB-2019 (CpG 1018/Alum)

- In January 2022, *The Lancet*, a peer-reviewed medical journal, published the final efficacy data from the SPECTRA, a global pivotal Phase 2/3 clinical trial for SCB-2019 (CpG 1018/Alum).

- In September 2022, the Company announced positive data from its Phase 3 study evaluating SCB-2019 (CpG 1018/Alum) as a heterologous COVID-19 booster vaccine. Results demonstrated broad and robust cross-neutralization of all Omicron subvariants tested in participants who received SCB-2019 (CpG 1018/Alum) as a heterologous third dose after two doses of inactivated vaccine compared to a third dose of inactivated vaccine.

- In December 2022, SCB-2019 (CpG 1018/Alum) was included for EUA in China and subsequently recommended as a prioritized vaccine in China's national immunization plan for a second booster dose (fourth vaccination dose) campaign targeting older adults, immunocompromised individuals and individuals with comorbidities.

Post-Reporting Period Milestones and Achievements:

- In February 2023, the Company announced the launch of SCB-2019 (CpG 1018/Alum) in China with the first doses delivered in Zhejiang province as part of China's national second booster dose campaign.

Other Mid-to-Late Stage Assets

Post-Reporting Period Milestones and Achievements:

- In February 2023, the Company announced that it entered into an exclusive agreement with Adimmune Corporation ("**Adimmune**") to distribute AdimFlu-S (QIS) in the PRC, where it is the only imported quadrivalent seasonal influenza vaccine approved for use in individuals aged three years and older. With this deal, the Company became the only Chinese company with commercial-stage quadrivalent seasonal influenza and recommended COVID-19 vaccines and established a presence in a rapidly growing market.

Manufacturing

During the Reporting Period, the Company established the commercial manufacturing capability to produce and supply SCB-2019 (CpG 1018/Alum) at two commercial manufacturing sites that have both passed inspections and achieved GMP-compliant status: Clover's in-house manufacturing facility in Changxing, Zhejiang province (China GMP) and a CDMO facility (European Union GMP).

Other Key Corporate Developments

In December 2022, the Company announced that it completed the placing of a total of 128,000,000 new Shares. The Company received net proceeds of HK$500.5 million from the Placing, after deducting related fees and expenses. The Company intends to use the net proceeds from the Placing for expanding commercialization capabilities and production capacity, as well as extended working capital needs. The Placing will strengthen the Company's financial position and ensure the Company has adequate resources to support its sustainable growth.

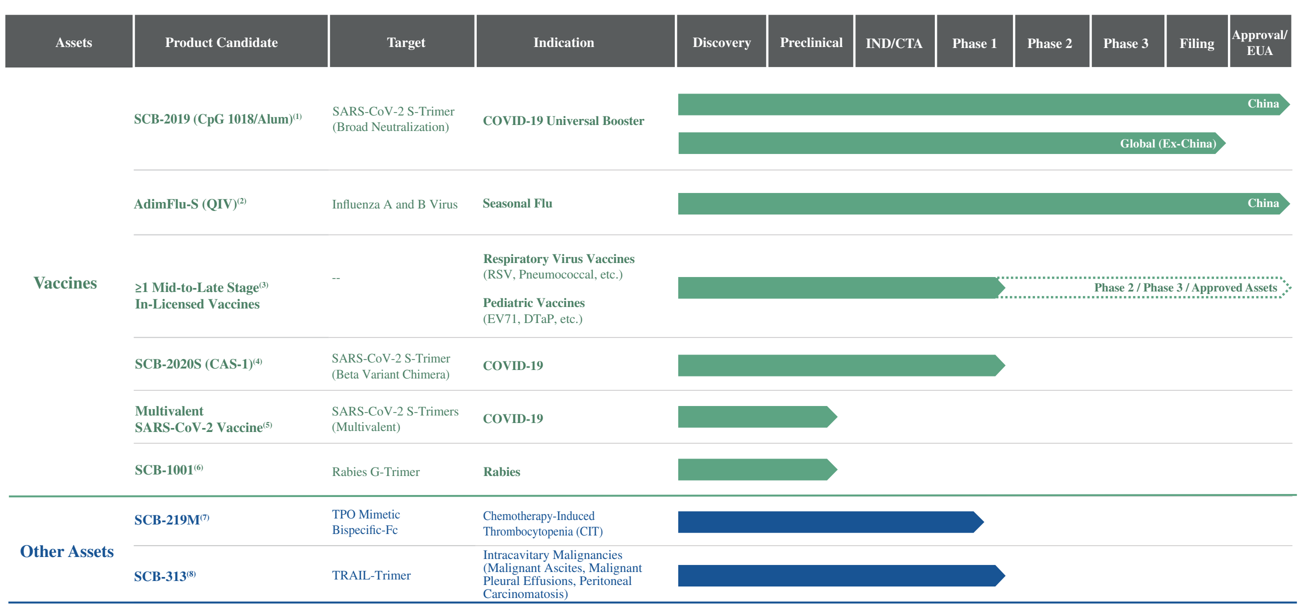
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Clover is a global commercial-stage biotechnology company committed to unleashing the power of innovative vaccines to save lives and improve health around the world. With integrated research and development, manufacturing and commercial capabilities as well as strong partnerships with organizations globally, the Company has a diverse pipeline of candidates that have the potential to meaningfully reduce the burden of vaccine-preventable diseases and to make more diseases preventable.

The Trimer-Tag technology platform, which was validated by the successful development of SCB-2019 (CpG 1018/Alum), is a product development platform for the creation of protein-based vaccines based on naturally trimerization-dependent targets. The Trimer-Tag technology platform can trimerize any protein of interest into covalently-trimerized structures. The trimerization motif of Trimer-Tag is based on a human amino acid sequence derived from human collagen (C-terminal domain of Type I procollagen). Currently, Trimer-Tag is the only trimerization technology platform globally for producing recombinant, covalently-trimerized fusion proteins (trimer-tagged proteins) utilizing a human-derived trimerization tag.

The Company realized multiple key achievements in R&D, manufacturing, and regulatory affairs during the Reporting Period. The Company passed GMP inspections at its in-house Changxing facility (China GMP) and at a CDMO facility (European Union GMP), making a major step in its transition to a commercial-stage company. The Company also significantly advanced the development of SCB-2019 (CpG 1018/Alum) as a heterologous booster vaccine candidate, including generating positive data on its robust and broad cross-neutralization of Omicron subvariants as a third booster dose in participants who previously received two doses of inactivated vaccine. Towards the end of the year of 2022, SCB-2019 (CpG 1018/Alum) received an EUA in China and the Company planned commercial launches in China and globally via bilateral agreements for 2023.



(1) COVID-19 vaccine received EUA in China in Dec-2022; at-least one global (ex-China) EUA expected in H1-2023. (2) Clover entered into an exclusive agreement with Adimmune to commercialize AdimFlu-S in mainland China in Feb 2023. (3) Additional mid- to late- stage in-licensing deal is planned in 2023 with focus on respiratory virus vaccines and pediatric vaccines, in China and Asia Pacific region. (4) SCB-2020S antigen is a chimeric SARS-CoV-2 spike protein based on the RBD of Beta variant and the NTD of the original strain. This candidate is being evaluated with CAS-1, an in-house developed oil-in-water emulsion-based adjuvant. Phase 1 results demonstrated robust immunogenicity and favorable safety profile. (5) To be based on multivalent S-Trimer vaccine; advancement to clinical development is planned in 2023. (6) Additional preclinical results and update on development plans are expected in H1-2023. (7) Interim Phase 1 data and recommended Phase 2 dose selection anticipated in first half of 2023. (8) Oncology product candidate for the treatment of malignant ascites (MA), malignant pleural effusions (MPE), and peritoneal carcinomatosis (PC) to address global unmet medical need of intracavitary malignancies. 5 Phase 1 trials completed in China and Australia. Continued internal development of SCB-313 has been paused and pending further assessment of development strategy and resource allocation.

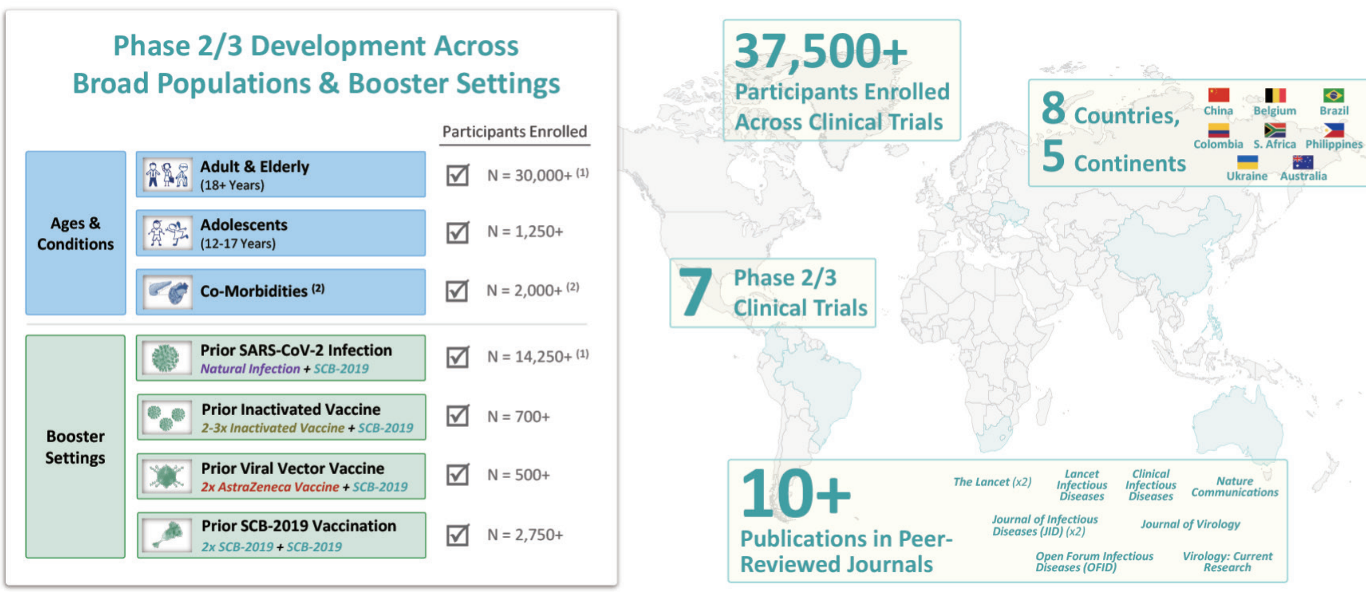
BUSINESS REVIEW

Our Products and Candidates

SCB-2019 (CpG 1018/Alum)

SCB-2019 (CpG 1018/Alum) is an adjuvanted protein-based COVID-19 vaccine candidate. The SCB-2019 antigen was developed with the Trimer-Tag technology platform and is S-Trimer based on the prototype SARS-CoV-2 virus.

Prior to its EUA in China, the Company completed comprehensive global clinical development of SCB-2019 (CpG 1018/Alum), including in various booster settings defined by population and prior vaccination and infection history. Clinical trial results consistently demonstrated that SCB-2019 (CpG 1018/Alum) elicited broad cross-neutralization against Omicron.



(1) 30,128 total adult & elderly participants enrolled in Phase 2/3 SPECTRA trial, including 14,622 participants with evidence prior of SARS-CoV-2 infection.
(2) Enrolled in Phase 2/3 SPECTRA trial; co-morbidities (associated with high risk of severe COVID-19) include chronic kidney disease, chronic obstructive pulmonary disease, obesity with BMI ≥30 kg/m², serious heart conditions such as hypertension, heart failure, coronary artery disease or cardiomyopathies, and Type 2 diabetes mellitus.

<u>Clinical Trials:</u>

1) SPECTRA Follow-up Efficacy Analyses (Elderly Population): In April 2022, the Company announced that in the elderly population (≥60 years of age), SCB-2019 (CpG 1018/Alum) maintained 100% efficacy against any SARS-CoV-2 strain for severe COVID-19 and 100% efficacy against hospitalizations due to COVID-19 at approximately five months after the primary vaccination series.

2) SPECTRA Homologous Booster Analysis: In June 2022, the Company announced positive data that showed a homologous booster dose of SCB-2019 (CpG 1018/Alum) demonstrated a significant, 19-fold increase in neutralizing antibody levels against Omicron compared to pre-booster levels among baseline seronegative participants.

3) SPECTRA Data for Adolescents: In August 2022, the Company announced positive data evaluating SCB-2019 (CpG 1018/Alum) in adolescents (aged 12 to 17 years). The study successfully met the primary endpoint and demonstrated that vaccination with SCB-2019 (CpG 1018/Alum) elicited approximately 2-fold higher neutralizing antibody titers in adolescents compared to young adults (aged 18 to 25 years), a population where SCB-2019 (CpG 1018/Alum) had previously been demonstrated to be highly protective against COVID-19.

4) Phase 3 Heterologous Booster Analysis: The Company also announced positive data from its Phase 3 study evaluating SCB-2019 as a heterologous COVID-19 booster vaccine. Results demonstrated broad and superior cross-neutralization of all Omicron subvariants tested, including recent major subvariants such as BQ.1.1 and XBB.1.5, in participants who received SCB-2019 as a heterologous fourth dose after three doses of inactivated vaccine compared to a fourth dose of inactivated vaccine.

5) Reduction in Household Transmission: In November 2022, the Company published results from a SPECTRA study, conducted by the Company and the International Vaccine Institute, which showed that a household contact was 84% less likely to get a SARS-CoV-2 infection when the infected household member had received SCB-2019 (CpG 1018/Alum) compared to placebo.

Post-Reporting Period Milestones and Achievements:

After it was included for EUA in China and recommended in China's national immunization plan for a second booster dose campaign, SCB-2019 (CpG 1018/Alum) officially launched in Zhejiang province in February 2023. The Company has commercialized its vaccine in multiple provinces and has successfully listed in 24 total provinces and municipalities since the initial launch (representing >80% population coverage). This broad nationwide market access positions the Company to be a major player in upcoming vaccination campaigns in 2023.

The Company is also prioritizing global regulatory submissions directly in selected countries, primarily in Asia Pacific and Latin America, based on the potential to generate significant near-term revenue and impact via bilateral supply agreements. In addition to submitting multiple EUA applications and receiving at least one EUA for SCB-2019 (CpG 1018/Alum), the Company also expects to establish at least one bilateral supply agreement in the first half of 2023, which could begin to drive commercial value in 2023.

Multivalent SARS-CoV-2 Vaccine Candidate

The Company plans to advance a multivalent S-Trimer vaccine candidate that could be broadly protective against all current and potential future strains of SARS-CoV-2, based on bioinformatics analyses and matrix in vivo study results. Clinical development is planned in 2023, with Phase 3 immunological bridging to SCB-2019 is planned to support potential regulatory approvals.

Other Products and Candidates

After internal scientific, financial and strategic assessments, the Company will prioritize resources on the development and commercialization of late/commercial stage assets and suspend certain programs including SCB-808. In navigating the current macroeconomic environment, the Company continues to prudently evaluate its pipeline programs and focus on programs that will bring long-term value.

Post-Reporting Period Milestones and Achievements:

- In January 2023, the Company announced the plan to expand the Company's mid-to-late stage pipeline (Phase 2, Phase 3, Commercial) beginning in the first half of 2023, with a focus on (1) building a leading respiratory vaccine franchise and (2) establishing a presence in the pediatric vaccine market in the China and Asia Pacific region. The Company is currently pursuing multiple business development opportunities in these areas.

- In February 2023, the Company announced that it entered into an exclusive agreement with Adimmune to distribute AdimFlu-S (QIS) in mainland China, where it is the only imported seasonal quadrivalent influenza vaccine approved for use in individuals aged three years and older. With this deal, the Company became the only Chinese company with commercial-stage quadrivalent seasonal influenza and recommended COVID-19 vaccines and established a presence in a rapidly growing market.

  - Market Opportunity: According to China CDC data, the market for influenza vaccine in China grew by about 35% annually before the pandemic and is expected to continue growing in the post-pandemic era with increasing vaccine awareness and favorable government policies. Moreover, demand in China continues to shift from trivalent to seasonal quadrivalent influenza vaccines options, which accounted for a majority of doses (70%) in 2022.

  - Commercialization Plans: Adimmune has already started production of the AdimFlu-S (QIS) vaccine and on track to support a commercial launch in mainland China in the second half of 2023. Sales are expected to be accretive to the Company's earnings starting in 2023 and contribute meaningful growth in 2024 and beyond. Further, the deal enables the Company to leverage its existing and growing commercial presence in China to commercialize both COVID-19 and influenza vaccines.

  - Additional Opportunities: The agreement with Adimmune also grants the Company rights to commercialize AdimFlu-S (QIS) in Bangladesh, Brazil and the Philippines, contingent upon regulatory approvals, and to potentially collaborate with Adimmune on the development of additional vaccine candidates including next-generation influenza vaccines.

- In addition to the Adimmune quadrivalent seasonal influenza deal, Clover further anticipates at least one additional in-licensing deal in 2023 to expand its mid-to-late stage pipeline (Phase 2, Phase 3, Commercial).

R&D

By the end of 2022, Clover became a commercial-stage biotechnology company with a robust R&D pipeline of innovative vaccines. The Company plans to expand its product and candidate portfolio to promote long-term and sustainable development.

The Company has assembled a comprehensive R&D platform enabling vaccine candidate discovery, proof-of-concept, preclinical and clinical development. As of December 31, 2022, the Company's in-house R&D activities were supported by 254 employees across China, the United States and Europe overseeing its global preclinical and clinical development.

Manufacturing

During the Reporting Period, the Company established commercial manufacturing capability to produce and supply SCB-2019 (CpG 1018/Alum) at two commercial manufacturing sites that have both passed inspections and achieved GMP-compliant status.

In September 2022, the Company announced that the Company's CDMO received a European Union GMP certificate for the production of SCB-2019 (CpG 1018/Alum) following a successful inspection of the CDMO site by the Ireland Health Products Regulatory Authority. The Company's in-house manufacturing facility in Changxing, Zhejiang province was inspected and achieved commercial GMP status in China.

In 2022, the Company successfully completed a strategic procurement and stockpiling campaign for key raw material inventory to support the potential production and release of over 100 million doses of SCB-2019 (CpG 1018/Alum) in 2023.

Other Key Corporate Developments

In December 2022, the Company announced that it completed the placing of a total of 128,000,000 new Shares. The Company received the net proceeds of HK$500.5 million from the Placing, after deducting related fees and expenses. The Company intends to use the net proceeds from the Placing for expanding commercialization capabilities and production capacity, as well as extended working capital needs. The Placing will strengthen the Company's financial position and ensure the Company has adequate resource to support our sustainable growth.

To navigate the challenges of the macroeconomic environment in 2022, the Company took significant additional steps to (1) heighten focus on its core strengths and capabilities in vaccine development and (2) prudently evaluate its expenses and streamline the organization to increase efficiency and improve effectiveness. Non-core activities (including monoclonal antibody platform development) were suspended, and headcount reductions in non-critical positions, primarily in general and administrative functions and non-core R&D roles, were made. The Company will continue to focus resources on achieving its top priorities while continuing to build an innovative vaccine-focused portfolio that can potentially generate significant near-term value-creation opportunities.

Future Outlook

In 2022, a year of growth and demonstrated potential, the Company transformed into a commercial-stage, vaccines-focused biotechnology company with proven R&D capabilities.

In 2023, the Company remains focused on helping health authorities increase COVID-19 booster coverage for vulnerable populations by expanding the commercialization of SCB-2019 (CpG 1018/Alum) in China and launching in other countries. The Company is also planning to commercialize AdimFlu-S (QIS) in the second half of 2023 with our existing commercial infrastructure and growing respiratory vaccines sales organization. In terms of R&D, the Company plans to further expand its mid-to-late stage vaccine pipeline for near-term value creation by leveraging our established vaccine development and proven cross-border collaboration capabilities. The progress of the Company is on track for continued expansion in 2023 and sustainable long-term growth.

FINANCIAL REVIEW

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Other income and gains	**23,246**	38,262
Administrative expenses	**(410,237)**	(345,710)
Research and development expenses	**(1,465,324)**	(1,826,301)
Fair value changes of convertible redeemable preferred shares	**–**	(3,807,638)
Other expenses	**(593,658)**	(66,700)
Finance costs	**(5,930)**	(8,216)
LOSS BEFORE TAX	**(2,451,903)**	(6,016,303)
Income tax expense	**–**	–
LOSS FOR THE YEAR	**(2,451,903)**	(6,016,303)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**399,857**	(15,064)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**399,857**	(15,064)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(379,402)**	124,555
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(379,402)**	124,555
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**20,455**	109,491
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(2,431,448)**	(5,906,812)
Non-IFRS Measures		
Adjusted loss for the year	**(2,356,880)**	(2,083,451)

Other Income and Gains

The Group's other income and gains primarily consist of government grants, bank interest income, net foreign exchange gain and net fair value gain on financial assets.

For the year ended December 31, 2022, other income and gains of the Group decreased by RMB15.1 million from RMB38.3 million for the year ended December 31, 2021 to RMB23.2 million, primarily due to the net foreign exchange loss for the year ended December 31, 2022 as compared to the net foreign exchange gain for the year ended December 31, 2021.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee salaries and benefits including accrued share-based compensation; (ii) consulting fees; (iii) depreciation and amortization expenses; (iv) professional service fees, which mainly include third-party recruitment agency costs and (v) office expenses. Other administrative expenses include IT software license expenses and other miscellaneous expenses in connection with administration activities.

For the year ended December 31, 2022, the administrative expenses of the Group increased by RMB64.5 million from RMB345.7 million for the year ended December 31, 2021 to RMB410.2 million, primarily attributable to the combined impact of (i) the increase in the annualization of personnel cost mainly from new hires, most of whom onboarded in mid-2021, notwithstanding the headcount reductions in general and administrative functions in the second half of 2022 to streamline the organization; (ii) the increase in consulting expenses mainly for services required as a listed company following the Global Offering; (iii) the increase in depreciation and amortization expenses; (iv) the decrease in third-party recruitment agency costs and (v) the decrease in listing expenses in connection with the Listing from RMB33.6 million to nil.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Employee salaries and benefits	**268,350**	173,722
Consulting fees	**54,973**	38,380
Depreciation and amortization	**28,817**	11,406
Professional service fees	**18,815**	50,135
Listing expenses	**–**	33,619
Office expenses	**17,726**	10,537
Others	**21,556**	27,911
Total	**410,237**	345,710

Research and Development Expenses

The Group's research and development expenses primarily consist of: (i) clinical trial expenses, including payments to contract research organizations, hospitals and other medical institutions and related fees; (ii) costs of raw materials and consumables used for pre-commercial activities; (iii) R&D consulting and service fees, mainly related to service fees incurred by CDMOs to prepare for commercial launch; (iv) salaries, bonuses, welfare and share-based compensation for R&D personnel; and (v) depreciation and amortization in relation to our leasehold buildings, machinery and equipment.

For the year ended December 31, 2022, research and development expenses decreased by RMB361.0 million from RMB1,826.3 million for the year ended December 31, 2021 to RMB1,465.3 million. This decrease was primarily attributable to a significant decrease in clinical trial expenses as the late-stage clinical development for SCB-2019 (CpG 1018/Alum) (including multiple global Phase 2/3 clinical trials) were substantially completed in 2021. The decrease was partially offset by the increase in raw materials and consumables used and CDMO service fees related to technology transfer and process validation which have been substantially completed in 2022. In addition, employee salaries and benefits increased mainly due to a higher average headcount, while the Group continues to reduce headcount in non-core R&D roles to heighten focus on its core strengths and capabilities in vaccine development.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Clinical trial expenses	**413,021**	1,225,586
R&D consultation and service fees	**322,864**	144,582
Costs of raw materials and consumables	**245,258**	133,704
Employee salaries and benefits	**386,584**	286,584
Depreciation and amortization	**29,263**	9,305
Others	**68,334**	26,540
Total	**1,465,324**	1,826,301

Fair Value Changes of Convertible Redeemable Preferred Shares

The Group's fair value change of convertible redeemable preferred shares refers to the fair value losses of the series A, series B, series B-2 and series C preferred shares, which takes into account exchange rate changes.

Fair value loss on convertible redeemable preferred shares decreased from RMB3,807.6 million for the year ended December 31, 2021 to nil for the year ended December 31, 2022, as all of the Company's preferred shares were converted to Shares upon the Listing Date, and there have been no such fair value losses incurred since then.

Other Expenses

The Group's other expenses primarily consist of net foreign exchange loss, write-down of inventories to net realizable value, impairment of prepayments, other receivables and other assets and loss on disposal of property, plant and equipment.

For the year ended December 31, 2022, other expenses of the Group increased by RMB527.0 million from RMB66.7 million for the year ended December 31, 2021 to RMB593.7 million, primarily attributable to (i) the increase in the write-down of inventories to net realizable value by taking into account the sale forecast of SCB-2019 (CpG 1018/Alum), which is subject to future market changes; (ii) expenses arising from the exit of the Shanghai R&D center project including termination fee as compensation for the early termination of related agreements, loss on the disposal of ongoing construction and impairment of prepayments, other receivables and other assets and (iii) severance for corporate reorganization. To navigate the challenges of the current macroeconomic environment, the Company has focused resources on achieving the Company's top priorities and prudently evaluated its expenses and streamlined corporate operations. The increase was also attributable to net foreign exchange losses recorded for the year ended December 31, 2022 due to fluctuations in exchange rates.

Finance Costs

The Group's finance costs primarily consist of (i) interest on lease liabilities, mainly in relation to its offices in Shanghai, Chengdu and Beijing, (ii) interest on bank loans and (iii) expenses associated with the issuance of its preferred shares, mainly comprising of consulting fees.

Finance costs decreased by RMB2.3 million from RMB8.2 million for the year ended December 31, 2021 to RMB5.9 million for the year ended December 31, 2022. This decrease was primarily due to the costs associated with the issuance of our series C preferred shares in 2021 and was partially offset by the increase in interest expenses on lease liabilities and bank loans.

Loss for the Year

As a result of the above, the loss of the Group decreased by RMB3,564.4 million from RMB6,016.3 million for the year ended December 31, 2021 to RMB2,451.9 million for the year ended December 31, 2022.

Non-IFRS Measure

To supplement the Group's annual consolidated financial statements, which are presented in accordance with the IFRSs, the Group also provides adjusted loss for the year as supplemental information. Such measures are not required by the IFRSs, but the Group deems it useful information to its Shareholders and potential investors for the evaluation of the Group's annual consolidated financial results.

Adjusted loss for the year represents the loss for the year excluding the effect of share-based payment expenses and the change in fair value of the convertible redeemable preferred shares which is non-cash and non-recurring. This non-IFRS measure should not be considered in isolation from, or as a substitute for the analysis of, the Group's IFRS reporting. The Company's presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this non-IFRS measure is a better indication of the Group's normal operating results and a better basis for the comparison of operating performance from period to period.

The table below presents a reconciliation of the loss for the year to the adjusted loss for the year during the years indicated:

	Year Ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(2,451,903)**	(6,016,303)
Added:		
Fair value changes of convertible redeemable preferred shares	**–**	3,807,638
Share-based payment expenses	**95,023**	125,214
Adjusted loss for the year	**(2,356,880)**	(2,083,451)

Selected Data from Consolidated Statement of Financial Position

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Total current assets	**4,389,929**	5,076,495
Total non-current assets	**304,777**	269,165
Total Assets	**4,694,706**	5,345,660
Total current liabilities	**2,829,205**	2,148,109
Total non-current liabilities	**2,533,638**	1,978,403
Total liabilities	**5,362,843**	4,126,512
Net current assets	**1,560,724**	2,928,386

Liquidity and Source of Funding and Borrowings

As of December 31, 2022, the Group's cash and bank balances, including time deposits, restricted cash and pledged deposits, decreased by RMB978.8 million from RMB2,835.3 million as of December 31, 2021 to RMB1,856.5 million. The decrease primarily resulted from preparations for the commercialization of SCB-2019 (CpG 1018/Alum) including a strategic procurement and stockpiling campaign for key raw material inventory to support over 100 million doses of SCB-2019 (CpG 1018/Alum) production and continued investment in R&D activities. With the commercial launch in February 2023, the Group expects to begin converting inventory into revenue and cash in 2023.

As of December 31, 2022, the current assets of the Group totaled RMB4,389.9 million, including cash and cash equivalents, time deposits, restricted cash and pledged deposits of RMB1,856.5 million, prepayments, other receivables and other assets of RMB135.2 million, inventories of RMB2,384.3 million and financial assets at fair value through profit or loss of RMB13.9 million.

As of December 31, 2022, the current liabilities of the Group were RMB2,829.2 million, including contract liabilities of RMB1,555.2 million, trade payables of RMB857.0 million, other payables and accruals of RMB99.3 million, lease liabilities of RMB23.6 million and interest-bearing bank borrowings of RMB294.1 million.

As of December 31, 2022, the Group had short-term bank loans of RMB294.1 million, bearing fixed interest rates ranging from 4.20% to 6.81983% per annum. In 2022, the Group established an up to USD300 million credit agreement with China Merchants Bank and an up to USD50 million credit agreement with HSBC and could access them to support potential additional working capital needs during commercial launch if needed. The new borrowings were raised in the second half of 2022 to fully enhance the efficiency of capital.

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks. The Group endeavors to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's funding and treasury policy from time to time to ensure its adequacy and effectiveness.

Significant Investments, Material Acquisitions and Disposals

As of December 31, 2022, the Group did not hold any significant investments. The Group also did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures for the year ended December 31, 2022.

Future Plans for Material Investments or Capital Assets

The Group had no other material capital expenditure plan as of the date of this announcement.

Contingent Liabilities

In June 2022, the Group proposed to exit Shanghai R&D center project and sent notification to all relevant vendors who had involved in such project. The Group has been negotiating with the vendors to settle the related agreements. As of the date of this announcement, the negotiation is ongoing. Based on the negotiation with the vendors and taking into account of the payment made by the Group to the vendors as of December 31, 2022, the Group cannot currently estimate reliably on any additional payments to settle the agreements with the vendors but believe that such additional payments would not be significant. The Group has not provided for any potential claims from the vendors as of December 31, 2022.

Gearing ratio

The gearing ratio is calculated using interest-bearing bank borrowings less cash and bank balances, divided by total equity and multiplied by 100%. As of 31 December 2022, the Group was in a net cash position and thus, gearing ratio is not applicable (as of December 31, 2021: not applicable, as the Group did not have any interest-bearing bank borrowings).

Capital Commitments

The capital commitments of the Group as of December 31, 2022 were RMB22.1 million, reflecting an decrease of RMB43.4 million from RMB65.5 million as of December 31, 2021, primarily attributable to the decrease in our future payments in relation to intangible assets and the construction of manufacture facilities.

Pledge of Assets

As of December 31, 2022, the Group had a total of RMB229.9 million of time deposits pledged to secure its bank borrowings.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and most of its transactions were settled in RMB, the functional currency of the Company's primary operating subsidiaries. The Group currently does not have a foreign currency hedging policy. However, its management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when needed. Except for certain bank balances and cash, other receivables, trade and other payables and interest-bearing bank borrowings denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2022.

Employees and Remuneration

As of December 31, 2022, the Group had 764 employees. The total remuneration expense incurred by the Group for the year ended December 31, 2022 was RMB654.9 million. The following table sets forth the details of our employees by function as of December 31, 2022.

Function	Number of employee	% of total
Research and Development	254	33.3%
Manufacturing and CMC	377	49.3%
General and Administrative	133	17.4%
Total	764	100%

The remuneration package of the Group's employees includes salary, bonus and equity incentives, which is generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds in accordance with relevant laws and regulations.

The Company has also adopted a restricted share unit scheme and a pre-IPO share option plan on April 15, 2021 and a post-IPO share option plan on September 26, 2021 to provide incentives for the eligible participants. For details, please refer to the paragraph headed "D. Share Incentive Plans" in Appendix IV to the Prospectus.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Other income and gains	*4*	**23,246**	38,262
Administrative expenses		**(410,237)**	(345,710)
Research and development expenses		**(1,465,324)**	(1,826,301)
Fair value changes of convertible redeemable preferred shares		**–**	(3,807,638)
Other expenses	*5*	**(593,658)**	(66,700)
Finance costs		**(5,930)**	(8,216)
LOSS BEFORE TAX	*6*	**(2,451,903)**	(6,016,303)
Income tax expense	*7*	**–**	–
LOSS FOR THE YEAR		**(2,451,903)**	(6,016,303)
Attributable to:			
Owners of the parent		**(2,451,903)**	(6,016,303)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)			
Basic and diluted	*9*	**(2.22)**	(13.02)

	2022	2021
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(2,451,903)**	(6,016,303)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**399,857**	(15,064)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**399,857**	(15,064)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(379,402)**	124,555
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(379,402)**	124,555
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**20,455**	109,491
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(2,431,448)**	(5,906,812)
Attributable to:		
Owners of the parent	**(2,431,448)**	(5,906,812)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**185,790**	155,689
Right-of-use assets		**55,954**	66,714
Intangible assets		**34,998**	13,828
Other non-current assets	*10*	**28,035**	32,934
Total non-current assets		**304,777**	269,165
CURRENT ASSETS			
Inventories		**2,384,340**	768,691
Prepayments, other receivables and other assets	*10*	**135,147**	1,441,637
Financial assets at fair value through profit or loss		**13,929**	30,908
Time deposits and restricted cash		**19,243**	67,888
Pledged deposits		**229,861**	–
Cash and cash equivalents		**1,607,409**	2,767,371
Total current assets		**4,389,929**	5,076,495
CURRENT LIABILITIES			
Trade payables	*11*	**856,964**	588,559
Other payables and accruals		**99,314**	114,524
Interest-bearing bank borrowings		**294,060**	–
Contract liabilities		**1,555,297**	1,423,546
Lease liabilities		**23,570**	21,480
Total current liabilities		**2,829,205**	2,148,109
NET CURRENT ASSETS		**1,560,724**	2,928,386
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,865,501**	3,197,551
NON-CURRENT LIABILITIES			
Lease liabilities		**36,738**	46,440
Deferred income		**2,496,900**	1,931,963
Total non-current liabilities		**2,533,638**	1,978,403
Net (liabilities)/assets		**(668,137)**	1,219,148
EQUITY			
Equity attributable to owners of the parent			
Share capital		**835**	742
Treasury shares		**(36)**	(49)
Reserves		**(668,936)**	1,218,455
Total (deficit)/equity		**(668,137)**	1,219,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 31 October 2018. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Group was principally engaged in the research and development of biopharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from 5 November 2021.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value through profit or loss. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, which assumes that the Group will be able to meet its obligations and continue its operations for the coming twelve months notwithstanding that as at 31 December 2022, the Group had net liabilities of RMB668,137,000 and accumulated losses of RMB9,501,729,000. In the opinion of the directors of the Company, the Group will have the necessary liquid fund to finance its working capital and capital expenditure requirements for the next twelve months after 31 December 2022. This is due to the following considerations:

(a) The primary cause for the net liabilities as at 31 December 2022 was the significant deferred income, details of which are included in the financial statements. The Group is not required to incur any cash outflows in the next twelve months after 31 December 2022 for the deferred income;

(b) The Group had cash and cash equivalents of RMB1,607,409,000 and net current assets of RMB1,560,724,000 as at 31 December 2022; and

(c) The Group has performed a cash flow forecast for the next twelve months and will have sufficient liquid funds to finance its operations and can operate as a going concern in the foreseeable future.

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*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
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, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The Group has adopted the amendment on 1 January 2022. However, the Group did not receive any covid-19-related rent concessions and therefore the amendment did not have any impact on the financial position and performance of the Group.

(c) 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.

(d) 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.

(e) *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 amendments that are 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.

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one reportable operating segment, which is the research and development of biopharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Non-current assets

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**295,569**	266,868
Other countries/regions	**9,208**	2,297
	304,777	269,165

The non-current asset information above is based on the locations of the assets.

4. OTHER INCOME AND GAINS

	2022	2021
	RMB'000	*RMB'000*
Bank interest income	**8,507**	10,890
Government grants*	**14,409**	14,226
Foreign exchange differences, net	**–**	10,350
Fair value gains, net:		
Financial assets at fair value through profit or loss	**229**	908
Rental income	**101**	–
Others	**–**	1,888
	23,246	38,262

* Government grants have been received from the local government authorities to support the subsidiaries' research and development activities and the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions related to these government grants.

5. OTHER EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Foreign exchange differences, net	**25,412**	–
Write-down of inventories to net realisable value	**475,643**	66,267
Loss on disposal of property, plant and equipment*	**8,432**	–
Impairment of prepayments, other receivables and other assets* (note 10)	**34,155**	–
Additional costs for termination of Shanghai R&D Center Project*	**13,842**	–
Severance costs	**21,319**	–
Others	**14,855**	433
	593,658	66,700

* In January 2022, the Company announced the start of construction of Shanghai R&D Center project. In June 2022, the Company decided to reprioritize resources for the regulatory submission and commercialisation of SCB-2019 (CpG 1018/Alum) and decided to exit the Shanghai R&D Center project. The Company recorded a total loss of RMB55,302,000 in relation to exit of Shanghai R&D Center project in other expenses in the year ended 31 December 2022, comprising of impairment of prepayments, other receivables and other assets of RMB34,155,000, loss on disposal of the construction in progress of RMB7,305,000 and additional payments of RMB13,842,000 to certain vendors to terminate the agreements with these vendors.

6. LOSS BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)	**1,049,477**	1,530,412
Depreciation of property, plant and equipment	**26,966**	7,616
Depreciation of right-of-use assets	**27,690**	12,195
Amortisation of intangible assets	**3,424**	900
Lease payments not included in the measurement of lease liabilities	**5,559**	1,488
Fair value changes of convertible redeemable preferred shares	**–**	3,807,638
Listing expenses	**–**	33,619
Auditor's remuneration	**1,100**	2,360
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and welfare	**530,528**	320,634
Pension scheme contributions	**31,361**	15,932
Share-based payments expenses	**93,045**	123,740
Total of employee benefit expenses	**654,934**	460,306

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong. The first HKD2,000,000 (2021: HKD2,000,000) of assessable profits of this subsidiary are subject to 8.25% (2021: 8.25%) and the remaining assessable profits are subject to at 16.5% (2021: 16.5%). No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the year.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% (2021: 25%) on the taxable income.

Australia

The subsidiary incorporated in the Australia is subject to Australia statutory corporate income tax at a rate of 30%. However, the rate is reduced to 25% (2021:25%) following a preliminary assessment of the base rate entity rules in accordance with the Australian tax law during the year.

United States of America

The subsidiary incorporated in Delaware, United States was subject to statutory United States federal corporate income tax at a rate of 21% (2021: 21%) during the year.

United Kingdom

The subsidiary incorporated in the United Kingdom is subject to corporation income tax on its worldwide profits at 19%.

Ireland

The subsidiary incorporated in Ireland is subject to Ireland corporate income tax at a rate of 25% (2021: 25%) on the estimated assessable profits arising in Ireland during the year.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2022	2021
	RMB'000	*RMB'000*
Loss before tax	**(2,451,903)**	(6,016,303)
Tax at the statutory tax rate of 25%	**(612,976)**	(1,504,076)
Effect of tax rate differences in other jurisdictions	**41,499**	972,946
Expenses not deductible for tax	**12,827**	72,113
Additional deductible allowance for qualified research and development costs	**(19,403)**	(32,108)
Tax losses utilised from previous periods	**–**	(70,246)
Deductible temporary differences not recognised	**249,109**	463,679
Tax losses not recognised	**328,944**	97,692
Tax charge at the Group's effective tax rate	**–**	–

The Group had accumulated tax losses of RMB1,933,254,000 (2021: RMB701,498,000) as at 31 December 2022, out of which the Group's entities in the Mainland China had accumulated tax losses of RMB1,350,422,000 (2021: RMB355,638,000), while the Group's overseas entities had accumulated tax losses of RMB582,832,000 (2021: RMB345,860,000). Tax losses in the Mainland China are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose, while the tax losses incurred by overseas entities can be carried forward without period limit.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

8. DIVIDENDS

No dividends have been declared and paid by the Company for the year ended 31 December 2022 (2021: nil).

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB2,451,903,000 (2021: RMB6,016,303,000) and the weighted average number of ordinary shares. The weighted average number of shares for the year ended 31 December 2022 is determined based on 1,102,103,513 shares in issue during the year. The weighted average number of shares for the year ended 31 December 2021 is determined based on 462,117,327 shares (after adjusted for the effect of the Capitalisation Issue) issued pursuant to the Reorganisation had been in issue throughout the year ended 31 December 2021.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2022 (2021: nil) as the impact of the share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the years ended 31 December 2022 and 2021 are the same as the basic loss per share amounts.

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the parent, used in the basic loss per share calculation:	**(2,451,903)**	(6,016,303)

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation:	**1,102,103,513**	462,117,327

10. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022	2021
	RMB'000	*RMB'000*
Prepayments	**119,773**	1,374,978
Value-added tax recoverable	**40,360**	73,477
Other receivables	**12,473**	26,116
	172,606	1,474,571
Impairment allowance	**(9,424)**	–
	163,182	1,474,571
Analysed into:		
Non-current portion	**28,035**	32,934
Current portion	**135,147**	1,441,637

Prepayments primarily consisted of advance payments to suppliers for raw materials, research and development services and machinery.

Value-added tax recoverable represented the value-added tax that can be used for future deduction.

The financial assets included in the above balances are other receivables that primarily consisted of deposits relating to office lease or services, which are non-interest-bearing, unsecured and repayable at the end of the lease or when the related services are completed. As at 31 December 2022, none of the balances of other receivables, except for the amount mentioned below which have been fully provided, is either due or impaired as they related to balances for which there was no history of default.

The movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses	**(34,349)**	–
Reversal of impairment losses	**194**	–
Amount written off as uncollectible	**24,731**	–
At end of year	**(9,424)**	–

The impairment of prepayments, other receivables and other assets during the year ended 31 December 2022 was in relation to the exit of Shanghai R&D center project as disclosed in note 5 to the consolidated financial statements.

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 6 months	**385,856**	584,783
6 to 12 months	**108,730**	2,411
Over 1 year	**362,378**	1,365
	856,964	588,559

The trade payables are non-interest-bearing and are normally settled on 60-day terms, except for certain suppliers with specified payment terms.

12. EVENTS AFTER THE REPORTING PERIOD

On 14 February, 2023, Clover Biopharmaceuticals AUS Pty Ltd. received USD23,025,000 (equivalent to approximately RMB155,661,000) from CEPI to support the Group's research and development of COVID-19 vaccine pursuant to the agreement with CEPI.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices. The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code during the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code and maintain a high standard of corporate governance practices.

Full details of the Company's corporate governance practices will be set out in the Company's annual report.

Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

The Company has also established a policy on "Inside Information" to comply with its obligations under the SFO and the Listing Rules.

The Company's relevant employees, who are likely to be in possession of Inside Information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Shares during the Reporting Period.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise.

The Group has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. Thomas Leggett, Mr. Jeffrey Farrow and Mr. Liao Xiang. Mr. Thomas Leggett is the chairman of the Audit Committee. Mr. Jeffrey Farrow is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Group's annual results for the year ended December 31, 2022 have been reviewed by the Audit Committee and the annual results have also been audited by the independent auditor of the Company, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company 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 this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

Use of Net Proceeds from the Global Offering

The Company's Shares were listed on the Stock Exchange on November 5, 2021. The net proceeds from the Global Offering amounted to approximately HK$1,884.3 million (equivalent to RMB1,549.0 million). As of December 31, 2022, approximately 72.4% of the net proceeds from the Global Offering had been utilized as follows:

Function	% of use of proceeds (Approximately)	Planned application of net proceeds from the Global Offering	Planned application of net proceeds from the Global Offering	Unutilized net proceeds as of December 31, 2021	Actual usage during the year ended December 31, 2022	Unutilised net proceeds as of December 31, 2022
		HKD million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
For the research and development, manufacturing and commercialization of our Core Products and related products	65.0%	1,224.8	1,006.9	935.7	630.4	305.3
For the research and development, manufacturing and commercialization of other products in our pipeline	22.5%	424.0	348.5	314.8	192.1	122.7
For working capital and other general corporate purposes	12.5%	235.5	193.6	122.8	122.8	–
Total	100.0%	1,884.3	1,549.0	1,373.3	945.3	428.0

Notes:

1. The net proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus. The unutilized net proceeds is expected to be fully utilized by December 31, 2023. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of R&D and market conditions made by the Company. It will be subject to changes based on the current and future development of market conditions.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of December 31, 2022, the unused net proceeds were deposited with certain licensed banks in Hong Kong and the PRC.

Use of Net Proceeds from the Placing

Reference is made to the Company's announcements dated December 6, 2022 and December 13, 2022 in relation to the Placing. On December 6, 2022, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as agent of the Company to procure subscribers, on a best effort basis, to subscribe for a total of 128,000,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement. The Placing was completed on December 13, 2022. The net proceeds from the Placing (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are approximately HKD500.5 million. As of December 31, 2022, the net proceeds from the Placing had been utilized as follows:

Intended use of net proceeds	**Approximate percentage**	**Approximate allocation of net proceeds** *HKD million*	**Approximate allocation of net proceeds** *RMB million*	**Actual usage up to December 31, 2022** *RMB million*	**Unutilised net proceeds as of December 31, 2022** *RMB million*	**Expected timeline for use of proceeds(1)**
For expanding commercialization capabilities and production capacity	90%	450.4	404.1	41.5	362.6	By December 2023
For extended working capital needs	10%	50.1	44.9	5.8	39.1	By June 2023
Total	100%	500.5	449.0	47.3	401.7	

Notes:

1. The expected timeline for use of proceeds is based on the best estimation of the future progress of regulatory approval, commercialization, post-marketing research and development and market conditions made by the Company. It will be subject to changes in accordance with the Company's actual business operations and market conditions.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of December 31, 2022, the unused net proceeds were deposited with certain licensed banks in Hong Kong.

Subsequent Events

Save as disclosed in the section headed "Management Discussion and Analysis – Business Review" and elsewhere in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2022 and up to the date of this announcement.

Principal Risks and Uncertainties

The Group's business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

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 (www.cloverbiopharma.com).

The annual report for the year ended December 31, 2022 containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in April 2023.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

The Company cannot guarantee that it will be able to ultimately develop and market its drug candidates successfully. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

Definitions and Glossary of Technical Teams

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CDC"	Center for Disease Control and Prevention
"CDMO(s)"	contract development and manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "our Company", "the Company" or "Clover"	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司), an exempted company incorporated in the Cayman Islands on October 31, 2018
"connected transaction"	has the meaning ascribed thereto under the Listing Rules

"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purpose of this announcement, our Core Products refer to SCB-2019 (CpG 1018/Alum) and SCB-808
"Director(s)"	the director(s) of the Company
"EUA"	emergency use authorization
"Global Offering"	the Hong Kong Public Offering (as defined in the Prospectus) and the International Offering (as defined in the Prospectus)
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "we" or "us"	our Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	International Financial Reporting Standards
"Inside Information"	has the meaning ascribed thereto under the SFO
"Listing"	the initial public offering or initial listing of our Shares on the Stock Exchange
"Listing Date"	November 5, 2021, the date on which dealings in our Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Placees"	professional, institutional or other investor(s) selected and procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of the Placing Shares by the Placing Agent to the Placees at the Placing Price pursuant to the Placing Agreement

"Placing Agent"	Credit Suisse (Hong Kong) Limited, incorporated in Hong Kong with limited liability and a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, each as defined under the SFO
"Placing Agreement"	the placing agreement entered into between the Company and the Placing Agent dated December 6, 2022 in respect of the Placing
"Placing Price"	HK$3.95 per Placing Share
"Placing Shares"	128,000,000 new Shares allotted and issued by the Company pursuant to the Placing Agreement
"Prospectus"	the prospectus issued by the Company dated October 25, 2021
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2022
"RMB"	Renminbi Yuan, the lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"S-Trimer"	a stabilized trimeric form of the S-protein
"Share(s)"	shares in the share capital of our Company, with a nominal value of USD0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"SPECTRA"	Study Evaluating Protective-Efficacy and Safety of Clover's Trimeric Recombinant Protein-based and Adjuvanted COVID-19 Vaccine
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"The Lancet"	a weekly peer-reviewed general medical journal, which is among the world's oldest and best-known general medical journals

"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	United States dollars, the lawful currency of the United States

By order of the Board
Clover Biopharmaceuticals, Ltd.
Dr. Peng LIANG
Chairman of the Board

Shanghai, PRC, March 29, 2023

As of the date of this announcement, the Board comprises Dr. Peng LIANG and Mr. Joshua G LIANG as executive Directors; Dr. Xiaodong WANG, Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS as non-executive Directors; and Dr. Xiaobin WU, Mr. Xiang LIAO, Mr. Jeffrey FARROW and Mr. Thomas LEGGETT as independent non-executive Directors.