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**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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The Board of Mabpharm Limited is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries for the six months ended June 30, 2023, together with the comparative figures for the six months ended June 30, 2022.

## FINANCIAL HIGHLIGHTS

	<b>For the six months ended June 30,</b>		
	<b>2023</b>	2022	Change
	<b>RMB'000</b>	<i>RMB'000</i>	(%)
	<b>(unaudited)</b>	(unaudited)	
Revenue	<b>44,020</b>	28,847	52.6
Cost of sales	<b>(6,198)</b>	(11,054)	(43.9)
Gross profit	<b>37,822</b>	17,793	112.6
Other income	<b>3,730</b>	12,450	(70.0)
Other gains and losses	<b>(2,688)</b>	(2,862)	(6.1)
Selling and distribution expenses	<b>(27,045)</b>	(15,264)	77.2
Research and development expenses	<b>(59,527)</b>	(77,990)	(23.7)
Administrative expenses	<b>(47,154)</b>	(47,832)	(1.4)
Impairment losses on financial assets	<b>(639)</b>	–	N/A
Finance costs	<b>(4,498)</b>	(3,104)	44.9
Loss before tax	<b>(99,999)</b>	(116,809)	(14.4)
Income tax expense	–	–	N/A
Loss and total comprehensive expense for the period	<b>(99,999)</b>	(116,809)	(14.4)
Attributable to:			
Owners of the Company	<b>(99,999)</b>	(116,809)	(14.4)
Loss per share attributable to ordinary equity holders of the Company			
– Basic	<b>RMB(0.02)</b>	RMB(0.03)	
– Diluted	<b>RMB(0.02)</b>	RMB(0.03)	

	At <b>June 30,</b> <b>2023</b> <b>RMB'000</b> <b>(unaudited)</b>	At December 31, 2022 <b>RMB'000</b> <b>(audited)</b>	Change <b>(%)</b>
Non-current assets	<b>692,757</b>	716,401	(3.3)
Current assets	<b>210,192</b>	201,120	4.5
Current liabilities	<b>253,864</b>	188,401	34.7
Net current (liabilities)/assets	<b>(43,672)</b>	12,719	(443.4)
Non-current liabilities	<b>342,462</b>	328,176	4.4
Net assets	<b>306,623</b>	400,944	(23.5)

## 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 the market high quality and affordable innovative biologics through our efficient R&D system and low-cost pharmaceutical production capabilities, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience. Our drug pipeline 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 of the Company which is located in China Medical City, Taizhou, Jiangsu Province also successfully passed the GMP compliance inspection for CMAB008 by Jiangsu Provincial Drug Administration. According to the regulations of China's basic medical insurance program (the "**Medical Insurance**"), CMAB008 類停® has also been automatically included in the Medical Insurance.

CMAB008 類停<sup>®</sup> 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). Taizhou Pharmaceutical, an indirect 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). During the Reporting Period, CMAB008 類停<sup>®</sup> posted an exponential growth in sales revenue by 758% period-on-period. We have quoted our CMAB008 類停<sup>®</sup> on China’s 34 provincial pharmaceutical product procurement and the GPO (group purchasing organizations) platforms, and included it in the Medical Insurance system. With its presence extending to approximately 1,000 hospitals and other terminals, CMAB008 類停<sup>®</sup> has opened up sales channels across China. Besides, the Company has also started cooperating with partners who possess long-standing and profound resources in the overseas market to initiate the marketing registration process of CMAB008 類停<sup>®</sup> in more than 30 countries and/or regions, and is expected to receive onsite inspection for overseas registration soon.

- **CMAB007 奧邁舒<sup>®</sup> (Omalizumab alfa for Injection)**: approved for marketing by the NMPA in May 2023 (Guo Yao Zhun Zi S20230030 for specification of 75mg/vial and Guo Yao Zhun Zi S20230031 for specification of 150mg/vial) for the treatment of patients diagnosed with immunoglobulin E (“**IgE**”) mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. In August 2023, CMAB007 奧邁舒<sup>®</sup> was also approved by the NMPA to launch clinical trials targeting chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines.

During the Reporting Period, Taizhou Pharmaceutical entered into an exclusive commercialization cooperation agreement in relation to CMAB007 奧邁舒<sup>®</sup> in China with Jiangxi Jemincare Pharmaceutical Co., Ltd.\* (江西濟民可信醫藥有限公司) (“**Jemincare**”), a pharmaceutical company with remarkable market promotion capability and proven track record. As of the date of this announcement, we have applied to quote our CMAB007 奧邁舒<sup>®</sup> on over 10 provincial pharmaceutical product procurement and GPO platforms, of which four provincial and GPO platforms have included our quotations. In addition, we have completed the first commercial order of CMAB007 奧邁舒<sup>®</sup>.

- **CMAB009:** CMAB009 is a recombinant anti-epidermal growth factor receptor (“**EGFR**”) chimeric monoclonal antibody for first-line treatment of metastatic colorectal cancer (“**mCRC**”) in combination with FOLFIRI. CMAB009 is prepared using a specific expression process developed by the Company, effectively avoiding glycosylation modification that may lead to hypersensitivity. The safety and efficacy of CMAB009 have been confirmed by the results of two completed clinical trials. By comparing the Company’s clinical trial results to the published clinical trial results of traditional anti-EGFR monoclonal antibody drugs currently in the market, CMAB009 has a significant therapeutic effect when compared to traditional anti-EGFR monoclonal antibody drugs for treatment of mCRC currently in the market.

The drug marketing application for CMAB009 was accepted by the NMPA in March 2023, and we expect that CMAB009 will be approved for marketing in the second quarter of 2024. We expect that upon commercialization, CMAB009 will be the first home-made anti-EGFR monoclonal antibody drug for treatment of mCRC launched in the PRC market, and is expected to provide affordable biological targeted remedy with better efficacy for hundreds of thousands of Chinese patients with tumors. At the same time, CMAB009 is also expected to expand its indications to pancreatic cancer, head and neck squamous cell carcinomas, cervical squamous cell carcinoma and other cancers, as its administration together with a variety of small molecule drugs has tremendous potential for application in various other cancer types. The Group will expedite the clinical and registration work of CMAB009 targeting the aforesaid indications.

Taizhou Pharmaceutical has entered into a business cooperation agreement with Jiangsu Simcere Zaiming Pharmaceutical Co., Ltd\*. (江蘇先聲再明醫藥有限公司) (“**Jiangsu Simcere Zaiming**”), pursuant to which Taizhou Pharmaceutical granted exclusive commercial rights in respect of CMAB009 (including but not limited to sales management, marketing and promotion, formulation and adjustment of related strategies and the rights to obtain relevant benefits) in the Chinese mainland.

Among our other drug candidates, CMAB807 (denosumab) has completed phase III clinical trials for osteoporosis, commenced data compilation for NDA application, and received the approval from the NMPA for clinical trials targeting tumor bone metastasis (CMAB807X) in January 2022 (Clinical trial approval notice number: 2022LP00032). The “strong antibody” new drug CMAB017 has obtained approval from the NMPA for clinical trial 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. Compared with marketed EGFR anti-body drugs, CMAB017 has better efficacy and safety. In addition, we will soon complete the phase I clinical trials for CMAB015 (secukinumab), a biosimilar and CMAB819 (nivolumab). CMAB015 (secukinumab) possesses 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 psoriasis, ankylosing spondylitis and Crohn’s disease.

We have strong in-house capabilities in pharmaceutical research, manufacturing and pre-clinical and clinical development. We promote the commercialisation of drugs developed by us primarily through sales, license and cooperation backed by gradual establishment of an in-house sales team, so as to capitalise on the strong sales resources and experience of our business partners accumulated throughout the years to achieve a rapid increase in sales revenue and market share, and meanwhile 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 20 years of experience in this area, and have led three major projects under the “863” Program, among other national-level scientific research projects. In addition, one of our core R&D team members is also a member of the 12th Session of the Chinese Pharmacopoeia Commission.

We have four antibody drug production lines in operation in Taizhou. The construction of plants in our new R&D and industrial base in Taizhou has also been completed, and the Company’s 5,000L GMP production line in construction has been under commissioning and trial production, bringing 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 have also proactively engaged in CDMO business without compromising our independent product R&D.

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 launch of our drugs in the international market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 June 30, 2023:

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 $\alpha$	Rheumatoid Arthritis Ulcerative colitis in adults Ankylosing spondylitis Crohn's disease in adults and paediatric 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 <sup>®</sup> , Humira <sup>®</sup> , Enbrel <sup>®</sup> , Simponi <sup>®</sup> , Yisopri <sup>®</sup> , Abrianuo <sup>®</sup>
Respiratory Disease	IgE	Asthma	CMAB007 (INN name: Omalizumab)	New Drug/ Core Product						Approved for marketing in May 2023	PRC and overseas (excluding Japan, North America and Europe)	Xolair <sup>®</sup>
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)	Erbix <sup>®</sup>
Bone-related diseases	RANKL	Osteoporosis	CMAB807 (INN name: Denosumab)	Biosimilar					Pending new drug marketing application submission (Quarter 2, 2024)	Quarter 4, 2025	Global	Prolia <sup>®</sup> 特發信 <sup>®</sup>
		Tumor bone metastasis	CMAB807X (INN name: Denosumab)	Biosimilar					Phase III (Quarter 3, 2024)	Quarter 2, 2028	Global	XGEVA <sup>®</sup>

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Cancer	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 2, 2025)	Quarter 2, 2029	Global	Vectibix®
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 Products

### 類停<sup>®</sup> – CMAB008 (infliximab)

CMAB008 (infliximab), trade name: 類停<sup>®</sup>, is a recombinant anti-tumor necrosis factor  $\alpha$  (“TNF  $\alpha$ ”) chimeric monoclonal antibody that was approved by the NMPA (Guo Yao Zhun Zi S20210025) on July 12, 2021 for the treatment of:

- (i) ulcerative colitis in adults;
- (ii) ankylosing spondylitis;
- (iii) rheumatoid arthritis;
- (iv) Crohn’s disease in adults and pediatric patients aged above 6 years old;
- (v) fistula Crohn’s disease; and
- (vi) psoriasis.

CMAB008 類停<sup>®</sup> 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<sup>®</sup> uses the Chinese hamster ovary cell (CHO) expression system, and is a monoclonal antibody targeting TNF  $\alpha$  that specifically merges with TNF  $\alpha$  and blocks the inflammatory cascade response caused by TNF  $\alpha$ . The researches we have completed have shown that, compared to other anti-TNF  $\alpha$  drugs on the market, CMAB008 類停<sup>®</sup> (infliximab for injection) has a stronger affinity for TNF  $\alpha$  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<sup>®</sup> have also shown that CMAB008 類停<sup>®</sup> is identical to the original infliximab in terms of efficacy, safety, pharmacological profile and quality.

CMAB008 類停<sup>®</sup> is the first infliximab launched in the domestic market following “Remicade”, the original drug imported and sold by Xi’an Janssen Pharmaceutical Limited (西安楊森製藥有限公司). CMAB008 類停<sup>®</sup> 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 decades, 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), for which infliximab has become the key biological agent for treatment due to its rapid onset of effect and obvious curative effect.

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 the Chinese mainland (excluding Hong Kong, Macau and Taiwan regions) to Kexing Biopharm. For details of the above transaction, please refer to the announcement of the Company dated March 31, 2022.

During the Reporting Period, CMAB008 類停® posted an exponential growth in sales revenue by 758% period-on-period. We have quoted our CMAB008 類停® on China's 34 provincial pharmaceutical product procurement and the GPO (group purchasing organizations) platforms, and included it in the Medical Insurance system. With its presence extending to approximately 1,000 hospitals and other terminals, CMAB008 類停® has opened up sales channels across China. Besides, the Company has also started cooperating with partners with long-standing and profound resources in the overseas market to initiate the marketing registration process of CMAB008 類停® in more than 30 countries and/or regions, and is expected to receive onsite inspection for overseas registration soon.

### **奧邁舒® – CMAB007 (Omalizumab alfa for Injection)**

CMAB007 奧邁舒®, a recombinant humanized anti-IgE monoclonal antibody, is our new monoclonal antibody drug for treatment of patients diagnosed with IgE mediated asthma. CMAB007 奧邁舒® 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 奧邁舒® have been confirmed by the results of four clinical trials of a total of 824 subjects who have been administered CMAB007 奧邁舒®, which were the largest clinical trials of mAb treating asthma in China. Based on our clinical trial results, CMAB007 奧邁舒® can improve asthma patients' conditions with lower-dose inhaled corticosteroids and reduce the incidence of acute asthma attacks. CMAB007 奧邁舒® is expected to expand its indications to chronic idiopathic urticarial, seasonal allergic rhinitis and food allergies in the future.

CMAB007 奧邁舒® has been approved for marketing by the NMPA in May 2023 (Guo Yao Zhun Zi S20230030 for specification of 75mg/vial and Guo Yao Zhun Zi S20230031 for specification of 150mg/vial) for the treatment of patients diagnosed with IgE mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. For details regarding the approval of the NDA, please refer to the announcement of the Company dated May 23, 2023. CMAB007 奧邁舒® was also approved by the NMPA in August 2023 to launch clinical trials targeting chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines (acceptance number: CXSL2300377 for specification of 75mg/vial and acceptance number: CXSL2300378 for specification of 150mg/vial). We expect to file the NDA of CMAB007 奧邁舒® for the treatment of chronic spontaneous urticaria with the NMPA in September 2025. During the Reporting Period, Taizhou Pharmaceutical entered into an exclusive commercialization cooperation agreement in relation to CMAB007 奧邁舒® in China with Jemincare, pursuant to which Taizhou Pharmaceutical granted an exclusive promotion right in respect of CMAB007 奧邁舒® in China (including the Chinese mainland, Hong Kong, Macau and Taiwan) to Jemincare. Taizhou Pharmaceutical will continue to possess all the rights and interests in respect of CMAB007 奧邁舒® in China (including the Chinese mainland, Hong Kong, Macau and Taiwan) other than promotion right. For details regarding the aforesaid transaction, please refer to the announcement of the Company dated April 13, 2023. As of the date of this announcement, we have applied to quote our CMAB007 奧邁舒® on over 10 provincial pharmaceutical product procurement and GPO platforms, of which four provincial and GPO platforms have included our quotations. In addition, we have completed the first commercial order of CMAB007 奧邁舒®.

## **CMAB009**

CMAB009 is a recombinant anti-EGFR chimeric monoclonal antibody for first-line treatment of mCRC in combination with FOLFIRI. CMAB009 is prepared using a specific expression process developed by the Company, effectively avoiding glycosylation modification that may lead to hypersensitivity. The safety and efficacy of CMAB009 have been confirmed by the results of two completed clinical trials. By comparing the Company's clinical trial results to the published clinical trial results of traditional anti-EGFR monoclonal antibody drugs currently in the market, CMAB009 has a significant therapeutic effect when compared to traditional anti-EGFR monoclonal antibody drugs for treatment of mCRC currently in the market.

The NDA for CMAB009 was accepted by the NMPA in March 2023, and we expect that CMAB009 will be approved for marketing in the second quarter of 2024. We expect that upon commercialization, CMAB009 will be the first home-made anti-EGFR monoclonal antibody drug for treatment of mCRC launched in the PRC market, and is expected to provide affordable biological targeted remedy with better efficacy for hundreds of thousands of Chinese patients with tumors. At the same time, CMAB009 is also expected to expand its indications to pancreatic cancer, head and neck squamous cell carcinomas, cervical squamous cell carcinoma and other cancers, as its administration together with a variety of small molecule drugs has tremendous potential for application in various other cancer types.

Recently, Taizhou Pharmaceutical has entered into a business cooperation agreement with Jiangsu Simcere Zaiming, a wholly-owned subsidiary of Simcere Pharmaceutical Group Limited, a company listed on the Stock Exchange (stock code: 2096). Please refer to the section headed "SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD" below for further details.

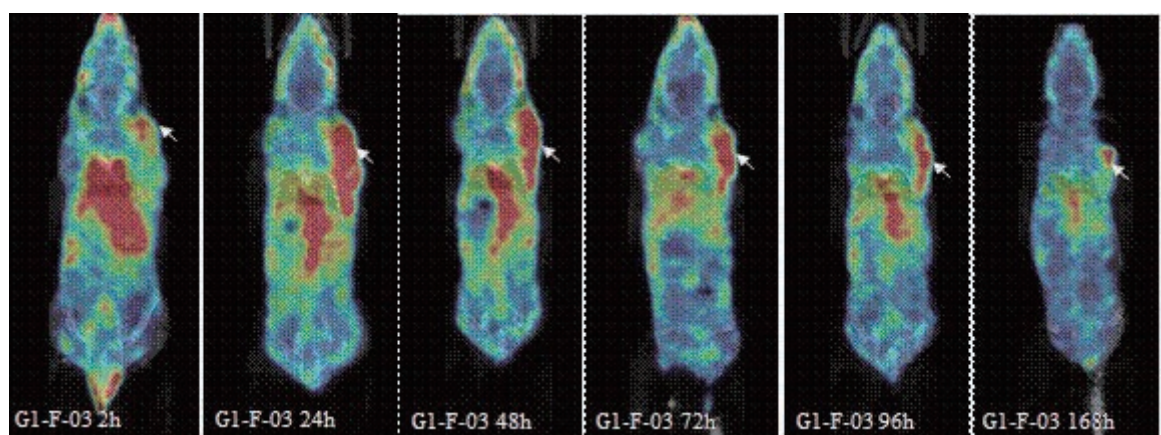
## **Other Product Candidates**

**CMAB807 (Denosumab)** is a human immunoglobulin G2 (IgG2) monoclonal antibody with affinity and specificity for human RANKL (receptor activator of nuclear factor kappa-B ligand), which is a transmembrane or soluble protein essential for the formation, function, and survival of osteoclasts, the cells responsible for bone resorption. CMAB807 prevents RANKL from activating its receptor, RANK, on the surface of osteoclasts and their precursors. Prevention of the RANKL/RANK interaction inhibits osteoclast formation, function, and survival, thereby decreasing bone resorption and increasing bone mass and strength in both cortical and trabecular bones. CMAB807 has completed phase III clinical trials for osteoporosis, and has commenced data compilation for NDA application. We expect that CMAB807 will be approved by NMPA for marketing in the fourth quarter of 2025 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. It is currently expected that CMAB807X will be approved by NMPA for marketing in the second quarter of 2028 for the treatment for indication of tumor bone metastasis.

**CMAB819 (nivolumab)** is our biosimilar drug candidate currently undergoing phase I clinical trial. CMAB819 has been approved by the NMPA for clinical trial. The phase I clinical trials are in process. 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.

**CMAB017 (anti-EGFR probody)** is an innovative probody drug. 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 probody 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. CMAB017 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 carcinoma. 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 that CMAB017 may be approved by the NMPA for marketing in the second quarter of 2029.



**CMAB015 (Secukinumab)** is a biosimilar candidate for secukinumab. CMAB015 targets interleukin 17A (IL-17A) for treating psoriasis 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. CMAB015 has been approved by the NMPA for clinical trials of the treatment of psoriasis and ankylosing spondylitis. It is currently under phase I clinical trial. We expect that CMAB015 may be approved by the NMPA for marketing in the fourth quarter of 2025.

**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  $\beta$  1. IL-12 and IL-23 are two natural proteins, which play a key role in immune-mediated inflammatory diseases, including plaque psoriasis, psoriatic arthritis and Crohn's disease, indications include: moderate to severe plaque psoriasis in adult patients who are candidates for systemic therapy or phototherapy; adults with active psoriatic arthritis (PsA); adults with active ankylosing spondylitis (AS); adults with active non-radiographic axial spondyloarthritis (nr-axSpA) with objective signs of inflammation. The pilot processes are currently in development. We expect 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, and the research on production process is in progress. 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 polyangitis.

**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 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 condition aggravation among patients with severe asthma.

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

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



## **Research and development system**

We have developed efficient R&D capabilities, broad and advanced preparation technologies, and low-cost drug production capabilities that will allow us to offer high quality and affordable innovative biopharmaceutical products to patients in China and other emerging markets. Within our product pipeline, CMAB008 and CMAB007 have been marketed and commercialized, CMAB009 has filed NDA, is under R&D site verification and will soon be approved for marketing, while NDA will be filed for CMAB807 soon. We also own a number of patents for our core technologies, including antibody engineering and humanization technologies, efficient expression vector construction technologies, efficient clone screening technologies, as well as a proprietary R&D animal model. Our R&D activities are carried out by three core teams: basic R&D, clinical trials, and 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 consists of two premises, one of which accommodates two buildings of 30,000 square meters in total, houses our mAb production facilities and is 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 and CMAB007 by the Jiangsu Provincial Drug Administration and have commenced commercial production.

The other production premise accommodates a parcel of industrial land of approximately 100,746 square meters in the Taizhou Hi-tech Zone, on which we are constructing (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 commissioning and trial production, bringing 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 of CMAB008 in over 30 countries, and will soon obtain the first Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (“PIC/s”) certification for our products, thereby laying the solid foundation for the commercialization of our drug products in the global market.

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 in accordance with the national drug sales regulations. Our distribution model is consistent with 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, CMAB007 and CMAB009, and completing clinical trials and the eventual commercialization of our current pipeline of other drug candidates, including, in particular, 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 interim condensed consolidated financial information, which is unaudited but has been reviewed by the Audit Committee.

## FINANCIAL REVIEW

The following table summarizes our results of operations for the six months ended June 30, 2023 and 2022:

	<b>For the six months ended June 30,</b>			
	<b>2023</b>	2022	Change	Change
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>	(%)
	<b>(unaudited)</b>	(unaudited)		
Revenue	<b>44,020</b>	28,847	15,173	52.6
Cost of sales	<b>(6,198)</b>	(11,054)	4,856	(43.9)
Gross profit	<b>37,822</b>	17,793	20,029	112.6
Other income	<b>3,730</b>	12,450	(8,720)	(70.0)
Other gains and losses	<b>(2,688)</b>	(2,862)	174	(6.1)
Selling and distribution expenses	<b>(27,045)</b>	(15,264)	(11,781)	77.2
Research and development expenses	<b>(59,527)</b>	(77,990)	18,463	(23.7)
Administrative expenses	<b>(47,154)</b>	(47,832)	678	(1.4)
Impairment losses on financial assets	<b>(639)</b>	–	(639)	N/A
Finance costs	<b>(4,498)</b>	(3,104)	(1,394)	44.9
Loss before tax	<b>(99,999)</b>	(116,809)	16,810	(14.4)
Income tax expense	–	–	–	N/A
Loss and total comprehensive expense for the period	<b>(99,999)</b>	(116,809)	16,810	(14.4)
Attributable to:				
Owners of the Company	<b>(99,999)</b>	(116,809)	16,810	(14.4)
Loss per share attributable to ordinary equity holders of the Company				
– Basic	<b>RMB(0.02)</b>	RMB(0.03)	0.01	(33.3)
– Diluted	<b>RMB(0.02)</b>	RMB(0.03)	0.01	(33.3)

## REVENUE

The Group's revenue increased by 52.6% from RMB28.8 million for the six months ended June 30, 2022 to RMB44.0 million for the six months ended June 30, 2023, primarily attributable to a significant period-on-period increase in revenue from sale of pharmaceutical products. Set out below are the components of revenue for the periods indicated:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Revenue from the sale of pharmaceutical products	<b>36,071</b>	4,203
Revenue from the exclusive right for the commercialisation in Mainland China	<b>7,312</b>	3,538
Revenue from the contract development and manufacturing agreement	–	21,106
Others	<b>637</b>	–
	<b>44,020</b>	28,847

## COST OF SALES

The Group's cost of sales decreased by 43.9% from RMB11.1 million for the six months ended June 30, 2022 to RMB6.2 million for the six months ended June 30, 2023, primarily because no cost was incurred from contract development and manufacturing agreement during the Reporting Period.

## OTHER INCOME

Other income of the Group decreased by 70.0% from RMB12.5 million for the six months ended June 30, 2022 to RMB3.7 million for the six months ended June 30, 2023, which was primarily due to a decrease 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:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Bank interest income	<b>20</b>	244
Government grants and subsidies related to income	<b>3,626</b>	12,206
Others	<b>84</b>	—
	<hr/>	<hr/>
	<b>3,730</b>	12,450
	<hr/> <hr/>	<hr/> <hr/>

## OTHER GAINS AND LOSSES

Other gains and losses of the Group decreased by 6.1% from losses of RMB2.9 million for the six months ended June 30, 2022 to losses of RMB2.7 million for the six months ended June 30, 2023, which was primarily due to relatively less foreign exchange losses recorded related to the borrowings denominated in US\$ during the Reporting Period.

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net foreign exchange losses	<b>(2,747)</b>	(2,862)
Fair value gains on financial assets at fair value through profit or loss	<b>59</b>	—
	<hr/>	<hr/>
	<b>(2,688)</b>	(2,862)
	<hr/> <hr/>	<hr/> <hr/>

## RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of pipelines of the Group decreased by 23.7% from RMB78.0 million for the six months ended June 30, 2022 to RMB59.5 million for the six months ended June 30, 2023, primarily due to that our core products have completed clinical trials.

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

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

	For the six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Contracting costs	22,349	34,641
Raw materials and consumables	7,640	9,364
Staff costs	18,864	22,856
Depreciation	6,333	6,616
Others	4,341	4,513
	<hr/>	<hr/>
Total	<b>59,527</b>	<b>77,990</b>
	<hr/> <hr/>	<hr/> <hr/>

## ADMINISTRATIVE EXPENSES

Administrative expenses of the Group decreased by 1.4% from RMB47.8 million for the six months ended June 30, 2022 to RMB47.2 million for the six months ended June 30, 2023, remaining relatively stable compared to the corresponding period of last year.

Administrative expenses of the Group primarily comprise of staff salary and benefit costs of our administrative personnel, depreciation and others.

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Staff cost	<b>20,608</b>	21,698
Depreciation	<b>16,909</b>	16,529
Others	<b>9,637</b>	9,605
	<hr/>	<hr/>
Total	<b>47,154</b>	47,832
	<hr/> <hr/>	<hr/> <hr/>

### **FINANCE COSTS**

Finance costs of the Group increased by 44.9% from RMB3.1 million for the six months ended June 30, 2022 to RMB4.5 million for the six months ended June 30, 2023, which was primarily due to an increase in interest expenses during the Reporting Period which was in line with the increase in borrowings as compared with the corresponding period of last year.

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

Set out below are the components of finance costs for the periods indicated:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Interest on loans from a related party	<b>833</b>	–
Interest on bank and other borrowings	<b>2,512</b>	1,674
Interest on lease liabilities	<b>1,153</b>	1,430
	<hr/>	<hr/>
Total	<b>4,498</b>	3,104
	<hr/> <hr/>	<hr/> <hr/>

## LIQUIDITY AND CAPITAL RESOURCES

Our trade receivables increased by 204.3% from RMB9.5 million as at December 31, 2022 to RMB29.0 million as at June 30, 2023, which was primarily due to a corresponding increase in sales of pharmaceutical products. Our financial assets at fair value through profit or loss decreased by 100% from RMB15.0 million as at December 31, 2022 to nil as at June 30, 2023, which was primarily attributable to withdrawal of the financial products.

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

	<b>At June 30, 2023 RMB'000 (unaudited)</b>	<b>At December 31, 2022 RMB'000 (audited)</b>	<b>Change (%)</b>
Trade receivables	<b>29,010</b>	9,532	204.3
Prepayments and other receivables	<b>48,465</b>	41,733	16.1
Amounts due from a related party	<b>376</b>	446	(15.7)
Inventories	<b>103,237</b>	100,797	2.4
Contract costs	<b>5,962</b>	–	N/A
Financial assets at fair value through profit or loss	–	15,044	(100.0)
Cash and bank balances	<b>23,142</b>	33,568	(31.1)
<b>Total</b>	<b><u>210,192</u></b>	<b><u>201,120</u></b>	<b><u>4.5</u></b>

## INDEBTEDNESS

As of June 30, 2023, we had lease liabilities of RMB39.7 million, interest-bearing bank and other borrowings of RMB107.8 million, and loans from a related party of RMB45.0 million. As of the same date, none of our existing indebtedness included any material covenants or covenants that could potentially limit our ability to incur new indebtedness.

Set out below is a breakdown of our outstanding lease liabilities, interest-bearing bank and other borrowings and loans from a related party at the dates indicated:

	<b>At June 30, 2023 RMB'000 (unaudited)</b>	<b>At December 31, 2022 RMB'000 (audited)</b>
Lease liabilities	39,673	41,629
Interest-bearing bank and other borrowings	107,799	84,708
Loans from Biomabs	45,000	45,000

As at June 30, 2023, we, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements (excluding our contingent rental agreements) in an aggregate amount of approximately RMB39.7 million.

#### **CONTINGENT LIABILITIES, CHARGE OF ASSETS AND GUARANTEES**

As at June 30, 2023, the 100,746-square-meter land located at No. 288 Xiangtai Road of the Taizhou Hi-tech Zone with a carrying amount of approximately RMB34.7 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 approximately RMB105.3 million were pledged to Bank of Communications Co., Ltd. Taizhou Branch as security for the bank loans of the Group amounting to RMB49.0 million as of June 30, 2023. For details, please refer to note 18 to the interim condensed consolidated financial information.

Saved as disclosed, we did not have any 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 June 30, 2023, 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 66.0% debt and 34.0% equity as at June 30, 2023, compared with 56.3% debt and 43.7% equity as at December 31, 2022.



## FOREIGN EXCHANGE

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

## GEARING RATIO

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2023, the gearing ratio of the Group was 66.0% (unaudited) (as at December 31, 2022: 56.3% (audited)).

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

	<b>At June 30, 2023 RMB'000 (unaudited)</b>	<b>At December 31, 2022 RMB'000 (audited)</b>
Current ratio <sup>(1)</sup>	0.8	1.1
Quick ratio <sup>(2)</sup>	0.4	0.5

*Notes:*

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

Our current ratio decreased from 1.1 as of December 31, 2022 to 0.8 as of June 30, 2023, and our quick ratio decreased from 0.5 as of December 31, 2022 to 0.4 as of June 30, 2023, primarily due to an increase in loans and use of funds to finance production and research and development as scheduled.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	5	<b>44,020</b>	28,847
Cost of sales		<u><b>(6,198)</b></u>	<u>(11,054)</u>
Gross profit		<b>37,822</b>	17,793
Other income	6	<b>3,730</b>	12,450
Other gains and losses	7	<b>(2,688)</b>	(2,862)
Selling and distribution expenses		<b>(27,045)</b>	(15,264)
Research and development expenses		<b>(59,527)</b>	(77,990)
Administrative expenses		<b>(47,154)</b>	(47,832)
Impairment losses on financial assets		<b>(639)</b>	–
Finance costs	8	<u><b>(4,498)</b></u>	<u>(3,104)</u>
Loss before tax	9	<b>(99,999)</b>	(116,809)
Income tax expense	10	<u>–</u>	<u>–</u>
Loss and total comprehensive expense for the period		<u><b>(99,999)</b></u>	<u>(116,809)</u>
Attributable to:			
Owners of the Company		<u><b>(99,999)</b></u>	<u>(116,809)</u>
Loss per share attributable to ordinary equity holders of the Company	12		
– Basic		<u><b>RMB (0.02)</b></u>	<u>RMB (0.03)</u>
– Diluted		<u><b>RMB (0.02)</b></u>	<u>RMB (0.03)</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	13	621,689	636,306
Right-of-use assets		63,533	67,707
Other non-current assets	14	7,124	11,977
Rental deposit to a related party		411	411
<b>Total non-current assets</b>		<b>692,757</b>	716,401
<b>Current assets</b>			
Trade receivables	15	29,010	9,532
Prepayments and other receivables	16	48,465	41,733
Amounts due from a related party	20	376	446
Inventories		103,237	100,797
Contract costs		5,962	–
Financial assets at fair value through profit or loss ("FVTPL")		–	15,044
Cash and bank balances		23,142	33,568
<b>Total current assets</b>		<b>210,192</b>	201,120

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>			
Trade and other payables	<i>17</i>	<b>159,032</b>	148,328
Amounts due to a related party	<i>20</i>	<b>379</b>	180
Interest-bearing bank and other borrowings	<i>18</i>	<b>49,022</b>	–
Lease liabilities to third parties		<b>9,776</b>	8,442
Lease liability to a related party	<i>20</i>	<b>4,992</b>	4,849
Contract liabilities		<b>23,613</b>	19,552
Deferred income		<b>7,050</b>	7,050
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>253,864</b>	188,401
		<hr/>	<hr/>
<b>Net Current (Liabilities)/Assets</b>		<b>(43,672)</b>	12,719
		<hr/>	<hr/>
<b>Total Assets Less Current Liabilities</b>		<b>649,085</b>	729,120
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Deferred income		<b>11,005</b>	10,405
Amounts due to a related party	<i>20</i>	<b>93,530</b>	92,697
Contract liabilities		<b>154,245</b>	112,028
Interest-bearing bank and other borrowings	<i>18</i>	<b>58,777</b>	84,708
Lease liabilities to third parties		<b>22,674</b>	23,952
Lease liability to a related party	<i>20</i>	<b>2,231</b>	4,386
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>342,462</b>	328,176
		<hr/>	<hr/>
<b>Net Assets</b>		<b>306,623</b>	400,944
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital		<b>2,804</b>	2,804
Reserves		<b>303,819</b>	398,140
		<hr/>	<hr/>
<b>Total Equity</b>		<b>306,623</b>	400,944
		<hr/>	<hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2023*

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Share-option reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2023 (Audited)	2,804	1,400,504	(32,763)	53,717	(1,023,318)	400,944
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	-	(99,999)	(99,999)
Recognition of equity-settled share-based compensation (Unaudited)	-	-	-	5,678	-	5,678
At 30 June 2023 (Unaudited)	<u>2,804</u>	<u>1,400,504</u>	<u>(32,763)</u>	<u>59,395</u>	<u>(1,123,317)</u>	<u>306,623</u>
At 1 January 2022 (Audited)	2,804	1,400,504	(32,763)	43,935	(812,499)	601,981
Loss and total comprehensive expense for the period (Unaudited)	-	-	-	-	(116,809)	(116,809)
Recognition of equity-settled share-based compensation (Unaudited)	-	-	-	5,956	-	5,956
At 30 June 2022 (Unaudited)	<u>2,804</u>	<u>1,400,504</u>	<u>(32,763)</u>	<u>49,891</u>	<u>(929,308)</u>	<u>491,128</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(99,999)</b>	(116,809)
Adjustments for:			
Bank interest income	6	<b>(20)</b>	(244)
Finance costs	8	<b>4,498</b>	3,104
Depreciation of property, plant and equipment	9	<b>23,514</b>	20,979
Depreciation of right-of-use assets	9	<b>4,174</b>	4,565
Net foreign exchange losses	7	<b>2,747</b>	2,862
Impairment losses on financial assets	9	<b>639</b>	–
Fair value gains on financial assets at FVTPL	9	<b>(59)</b>	–
Share-based payment expenses	9	<b>5,678</b>	5,956
		<b>(58,828)</b>	(79,587)
Increase in inventories		<b>(2,440)</b>	(27,147)
(Increase)/decrease in contract costs		<b>(5,962)</b>	9,164
Increase in trade receivables		<b>(20,117)</b>	(3,057)
(Increase)/decrease in prepayments and other receivables		<b>(6,732)</b>	8,563
(Increase)/decrease in other non-current assets		<b>(155)</b>	1,348
Decrease in amounts due from a related party		<b>70</b>	–
Increase in amounts due to a related party		<b>199</b>	1,802
Increase in trade and other payables		<b>13,553</b>	13,034
Increase in contract liabilities		<b>46,278</b>	72,075
Increase/(decrease) in deferred income		<b>600</b>	(7,240)
Net cash flows used in operating activities		<b>(33,534)</b>	(11,045)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received from bank		<b>20</b>	244
Purchase of property, plant and equipment		<b>(7,107)</b>	(98,059)
Withdraw of pledged bank deposits		<b>–</b>	34,748
Purchase of financial assets at FVTPL		<b>(55,000)</b>	–
Withdraw of financial assets at FVTPL		<b>70,103</b>	–
Net cash flows from/(used in) investing activities		<b>8,016</b>	(63,067)

	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank and other borrowings	<b>21,622</b>	77,332
Repayment of bank loans	<b>(2,250)</b>	–
Interest paid	<b>(1,542)</b>	(637)
Repayments to a related party	–	(2,222)
Repayments of principal portion of lease liabilities	<b>(2,462)</b>	(1,460)
	<u><b>15,368</b></u>	<u>73,013</u>
<b>Net cash flows from financing activities</b>		
	<u><b>15,368</b></u>	<u>73,013</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>(10,150)</b>	(1,099)
Cash and cash equivalents at beginning of period	<b>33,568</b>	81,556
Effects of foreign exchange rate changes, net	<b>(276)</b>	(171)
	<u><b>23,142</b></u>	<u>80,286</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	<u><b>23,142</b></u>	<u>80,286</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 1. GENERAL INFORMATION

Mabpharm Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2018, and its shares are listed on The Stock Exchange of Hong Kong Limited on 31 May 2019. The address of the registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands and the principal place of business is located at Block G79, Lujia Road East, Koutai Road West, China Medical City, Taizhou, the People’s Republic of China (the “**PRC**”).

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

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

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### Going concern basis

During the six months ended 30 June 2023, the Group incurred a net loss of RMB99,999,000 (unaudited), and as detailed in note 18, as of 30 June 2023, the Group had secured bank loans which are due to be repaid within one year from the end of the reporting period amounted to RMB49,022,000 (unaudited), leading to the Group’s current liabilities exceeding its current assets by RMB43,672,000 (unaudited) as of 30 June 2023.

In view of these circumstances, the directors of the Company have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern for at least 12 months from 30 June 2023. The Group has formulated the following plans and measures to mitigate the liquidity pressure and to improve its cash flows:

1. the commercial arrangements under the business cooperation agreement that the Group entered into in respect of core product CMAB009 and the exclusive commercialization cooperation agreement in relation to core product CMAB007 will provide sufficient working capital for the Group to mitigate the liquidity pressure and to improve its cash flows;
2. the Group will discuss with the existing lender(s) on the renewal of bank loans in the amount of RMB50 million at appropriate timing in line with market practice. In light of the current market condition and the value of collateral given for the borrowings, the Directors do not foresee any circumstance that would result in the Group not being able to extend or refinance the borrowing upon their maturity.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the unaudited interim condensed consolidated financial statements on a going concern basis.



### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with no financial effect recognised as an adjustment to the balance of accumulated losses or other component of equity as at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset amounting to RMB7,472,000 (unaudited) for all deductible temporary differences associated with lease liabilities and tax losses (provided that sufficient taxable profit is available), and (ii) a deferred tax liability amounting to RMB7,472,000 (unaudited) for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

The adoption of amendments to IAS 12 did not have any impact on the financial position or performance of the Group for the six months ended 30 June 2023 and 2022.

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

#### 4. OPERATING SEGMENT INFORMATION

##### Segment information

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

##### Geographical information

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

##### Information about a major customer

Revenue of approximately RMB7,075,000 (unaudited) was derived from the exclusive right for the commercialisation in Mainland China with a single customer (during the six months ended 30 June 2022: RMB21,106,000 (unaudited) was derived from a contract development and manufacturing agreement with a single customer).

#### 5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>44,020</u>	<u>28,847</u>



## 8. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on loans from a related party (note 20)	833	–
Interest on bank and other borrowings	2,512	1,674
Interest on lease liabilities	1,153	1,430
	<u>4,498</u>	<u>3,104</u>

## 9. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation for property, plant and equipment	23,514	20,979
Depreciation for right-of-use assets	4,174	4,565
Government grants and subsidies related to income	(3,626)	(12,206)
Impairment losses on financial assets		
– Impairment of trade receivables	639	–
Fair value gains on financial assets at FVTPL	(59)	–
Foreign exchange differences, net	2,747	2,862
Staff cost (including directors' emoluments):		
– Independent non-executive directors' fee	157	151
– Salaries and other benefits	31,103	43,648
– Pension scheme contributions	4,466	4,569
– Share-based payment expenses	5,678	5,956
– Consultation fee	298	266
	<u>41,702</u>	<u>54,590</u>
Auditors' remuneration	969	900
Short-term lease payment	20	216
Cost of inventories sold and services provided	5,741	11,028
Cost of inventories recognised as expense (included in research and development expense)	7,640	9,364
	<u>7,640</u>	<u>9,364</u>

## 10. INCOME TAX

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

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 periods presented in the interim condensed consolidated financial information.

No PRC Enterprise Income tax was provided for as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the interim condensed consolidated financial information.

Deferred taxation had not been fully 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.

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2023, nor has any dividend been proposed since the end of the reporting period (during the six months ended 30 June 2022: Nil).

## 12. 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:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss attributable to ordinary equity holders of the Company for the purpose of calculating basic and diluted loss per share	<u><b>(99,999)</b></u>	<u><b>(116,809)</b></u>
	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><b>4,124,080</b></u>	<u><b>4,124,080</b></u>

The calculation of diluted loss per share for the six months ended 30 June 2023 and 2022 did not assume the exercise of the pre-IPO share options since its inclusion would be anti-dilutive.

## 13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of RMB8,897,000 (unaudited) including RMB7,319,000 (unaudited) of construction in process (for the six months ended 30 June 2022: RMB133,572,000 (unaudited) including RMB132,570,000 (unaudited) of construction in process).

#### 14. OTHER NON-CURRENT ASSETS

	<b>30 June 2023</b> <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Prepayment for acquisition of property, plant and equipment ( <i>note a</i> )	1,568	6,576
Deposit for construction of production facilities	3,000	3,000
VAT recoverable ( <i>note b</i> )	2,556	2,401
	<u>7,124</u>	<u>11,977</u>

Notes:

- a. Prepayment for acquisition of property, plant and equipment is mainly related to the new production facilities on the parcel of industrial land of approximately 100,746 square meters in Taizhou Hi-tech Zone.
- b. VAT recoverable is presented in prepayments and other receivables and other non-current assets based on the management's estimation of the amount of VAT recoverable to be utilised within one year.

#### 15. TRADE RECEIVABLES

	<b>30 June 2023</b> <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables	29,767	9,650
Impairment	(757)	(118)
	<u>29,010</u>	<u>9,532</u>

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:

	<b>30 June 2023</b> <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Within 3 months	6,500	8,357
4 to 6 months	21,553	1,166
7 to 9 months	618	9
10 to 12 months	339	–
	<u>29,010</u>	<u>9,532</u>

**16. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>30 June 2023</b> <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Other receivables	1,133	1,484
Prepayments for research and development services	12,951	7,651
Other deposits and prepayments	3,052	3,418
VAT recoverable	31,329	29,180
	<u>48,465</u>	<u>41,733</u>

**17. TRADE AND OTHER PAYABLES**

	<b>30 June 2023</b> <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade payables	16,357	16,586
Accrued expenses for research and development services	40,294	39,877
Other payables for purchases of property, plant and equipment	48,026	51,244
Salary and bonus payables	9,998	14,856
Other taxes payable	1,333	935
Accrued listing expenses and issue costs	11,406	11,037
Other payables	31,618	13,793
	<u>159,032</u>	<u>148,328</u>

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

	<b>30 June 2023</b> <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Within 60 days	2,346	9,794
Over 60 days but within 1 year	14,011	6,792
	<u>16,357</u>	<u>16,586</u>

## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023			31 December 2022		
	Effective interest rate (%)	Maturity	Amount RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	Amount RMB'000 (Audited)
Current:						
Bank loans	One-year					
– secured ( <i>note</i> )	loan prime rate (“LPR”) +50 bps	2024	<u>49,022</u>	–	–	<u>–</u>
Non-current:						
Other loans						
– unsecured	6.0%	2024	<u>58,777</u>	6.0%	2024	<u>55,019</u>
Bank loans				One-year		
– secured ( <i>note</i> )	–	–	<u>–</u>	LPR +50 bps	2024	<u>29,689</u>
			<u><b>107,799</b></u>			<u><b>84,708</b></u>
				<b>30 June 2023</b>	<b>31 December 2022</b>	
				<b>RMB'000</b>	<b>RMB'000</b>	
				<b>(Unaudited)</b>	<b>(Audited)</b>	
Analysed into:						
Bank loans repayable:						
Within one year				<u>49,022</u>	–	
In the second year				<u>–</u>	<u>29,689</u>	
				<u><b>49,022</b></u>	<u>29,689</u>	
Other loans repayable						
In the second year				<u>58,777</u>	<u>55,019</u>	
				<u><b>107,799</b></u>	<u><b>84,708</b></u>	

*Note:* At 30 June 2023, the 100,746-square-meter land in Taizhou Hi-tech Zone with a carrying amount of approximately RMB34,703,000 (unaudited) (2022: RMB35,089,000 (audited)) and the 50,835-square-meter building with a carrying amount of approximately RMB105,320,000 (unaudited) (2022: RMB108,121,000 (audited)) were pledged to secure the bank borrowings of the Group.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The differences between the carrying amounts and fair values of the non-current portion of interest-bearing bank and other borrowings were assessed to be insignificant. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2023 were assessed to be insignificant.



## 19. CAPITAL COMMITMENTS

The Group had capital commitments for equipment purchase and building construction under contracts as follows:

	<b>30 June 2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2022 <b>RMB'000</b> <b>(Audited)</b>
Contracted but not provided ( <i>note</i> )	<u><u>15,092</u></u>	<u><u>20,760</u></u>

*Note:* The capital commitments are mainly related to the new production facilities on the parcel of industrial land of approximately 100,746 square meters in Taizhou Hi-tech Zone.

## 20. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	<b>For the six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	2022 <b>RMB'000</b> <b>(Unaudited)</b>
Expenses incurred in clinical business and CMAB807 paid by a related party on behalf of the Group Biomabs ( <i>note a</i> )	<u><u>70</u></u>	<u><u>1,796</u></u>
Repayments to a related party regarding to the expenses incurred in clinical business and CMAB807 paid by a related party on behalf of the Group: Biomabs	<u><u>–</u></u>	<u><u>2,222</u></u>
Interest on lease liabilities to a related party: Biomabs	<u><u>251</u></u>	<u><u>385</u></u>
Interest on loans from a related party: Biomabs ( <i>note b</i> )	<u><u>833</u></u>	<u><u>–</u></u>

*Notes:*

- a. Biomabs is ultimately controlled by a close family member of the controlling shareholder.
- b. In September 2022, the group borrowed unsecured loans from Biomabs amounting to RMB45,000,000 with an annual interest rate of 3.7%. The term of the loans is from the date on receiving the loan by the group to 31 December 2024.

(b) Outstanding balances with related parties:

	<b>30 June 2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2022 <i>RMB'000</i> <i>(Audited)</i>
Rental deposit to a related party:		
Biomabs	<u>411</u>	<u>411</u>
Amounts due from a related party:		
Prepayments – non-trade nature		
Biomabs	<u>376</u>	<u>446</u>
Amounts due to a related party:		
Trade payables		
Biomabs	<u>47,549</u>	<u>47,350</u>
Interest payables		
Biomabs	<u>1,360</u>	<u>527</u>
Loans payables		
Biomabs	<u>45,000</u>	<u>45,000</u>
	<u>93,909</u>	<u>92,877</u>
Analysed into:		
Current portion	379	180
Non-current portion	<u>93,530</u>	<u>92,697</u>
Lease liabilities payable to Biomabs:		
Within one year	4,992	4,849
Over one year	<u>2,231</u>	<u>4,386</u>
	<u>7,223</u>	<u>9,235</u>

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

	<b>30 June 2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2022 <b>RMB'000</b> <b>(Audited)</b>
Within 60 days	379	180
Over 1 year	<u>47,170</u>	<u>47,170</u>
	<u><b>47,549</b></u>	<u><b>47,350</b></u>

Trade payables to Biomabs are unsecured and non-interest-bearing.

(c) Compensation of key management personnel of the Group

	<b>For the six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	2022 <b>RMB'000</b> <b>(Unaudited)</b>
Salaries and other benefits	2,094	2,276
Pension scheme contributions	115	149
Directors' fee	157	151
Share-based compensation	2,626	2,922
Consultation fee	<u>298</u>	<u>266</u>
	<u><b>5,290</b></u>	<u><b>5,764</b></u>

**21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements were approved and authorised for issue by the board of directors on 25 August 2023.

## OTHER INFORMATION

### Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2023.

### 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 has used all the net proceeds in accordance with the purposes as set out in the prospectus of the Company dated May 20, 2019.

### Significant Investments, Material Acquisitions and Disposals

As at June 30, 2023, 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 June 30, 2023, we had a total of 383 employees, of which 101 are located in Shanghai and 282 are located in Taizhou. The table below sets forth a breakdown of our employees by function:

<b>Function</b>	<b>Number of Employees</b>
Business units	61
R&D personnel <sup>(1)</sup>	247
Administration	26
Management	49
	<hr/>
Total	<hr/> <b>383</b>

Notes:

(1) The number of R&D personnel here excludes 28 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, 180 out of our 275 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 June 30, 2023, 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.

#### **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.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL REPORT**

The independent auditors of the Company, namely Ernst & Young, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has examined the efficiency of our risk management and internal control system and is convinced that our internal control system is sufficient to identify, manage and reduce various risks arising from our business activities. The Audit Committee consists of two independent non-executive Directors, being Mr. Leung, Louis Ho Ming and Mr. Guo Liangzhong, and one non-executive Director, being Mr. Jiao Shuge. Mr. Leung, Louis Ho Ming serves as chairman of the Audit Committee.

The Audit Committee has reviewed the interim consolidated financial statements of the Group for the six months ended June 30, 2023. 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 and the external auditors of the Company, Ernst & Young.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Taizhou Pharmaceutical has entered into a business cooperation agreement (the “**Agreement**”) with Jiangsu Simcere Zaiming (a wholly-owned subsidiary of Simcere Pharmaceutical Group Limited, a company listed on the Stock Exchange (stock code: 2096)), pursuant to which Taizhou Pharmaceutical granted exclusive commercial rights in respect of CMAB009 (including but not limited to sales management, marketing and promotion, formulation and adjustment of related strategies and the rights to obtain relevant benefits) in the Chinese mainland. Taizhou Pharmaceutical will continue to possess all the rights and interests in respect of CMAB009 in the Chinese mainland other than the aforementioned commercial rights. On the basis of complying with the provisions of the Agreement, Jiangsu Simcere Zaiming shall be entitled to provide exclusive promotion services in respect of CMAB009 in the Chinese mainland. For details of the aforesaid transaction, please refer to the announcement of the Company dated August 18, 2023.

Save as disclosed above, there was no significant event subject to disclosure from June 30, 2023 and up to the date of this announcement.

## **PUBLICATION OF INTERIM REPORT**

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

The interim report for the six months ended June 30, 2023, containing all the information as required under Appendix 16 of the Listing Rules, will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

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

## **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
“GMP”	good manufacturing practice

“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
“Macau”	the Macau Special Administrative Region of the PRC
“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
“NDA”	new drug application
“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, Macau and Taiwan
“Prospectus”	the prospectus issued by the Company on May 20, 2019 in connection with the Hong Kong public offering of the Shares
“R&D”	research and development
“Reporting Period”	six months from January 1, 2023 to June 30, 2023



“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

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

Hong Kong, August 25, 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.*