ALPHAMAB ONCOLOGY

康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9966)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the "**Board**") of directors (the "**Directors**") of Alphamab Oncology (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2022. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the independent auditor of the Company.

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

FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2023	2022
	RMB' 000	*RMB' 000*
Revenue	**218,774**	166,845
Cost of sales	**(55,237)**	(44,207)
Gross profit	**163,537**	122,638
Other income	**91,817**	57,782
Other gains	**33,094**	63,073
Research and development ("**R&D**") expenses	**(407,524)**	(468,238)
Administrative expenses	**(79,338)**	(86,771)
Finance costs	**(12,179)**	(14,206)
Loss before taxation	**(210,593)**	(325,722)
Income tax expense	**–**	–
Loss for the year	**(210,593)**	(325,722)
Other comprehensive expense for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange loss arising on translation of a foreign operation	**(794)**	(440)
Total comprehensive expense for the year	**(211,387)**	(326,162)

	As of December 31,	
	2023	2022
	RMB' 000	*RMB' 000*
Non-current assets	**578,583**	623,001
Current assets	**1,558,530**	1,494,530
Non-current liabilities	**198,163**	174,947
Current liabilities	**266,838**	384,912
Net assets	**1,672,112**	1,557,672

BUSINESS HIGHLIGHTS

Events during the Reporting Period

During the Reporting Period, we have been making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

KN046

- In May 2023, the phase III clinical trial of KN046 in combination with the platinum-based chemotherapy in patients with advanced unresectable or metastatic squamous non-small cell lung cancer ("**sq NSCLC**") was recommended by the independent data monitoring committee to continue the study and collect further follow-up overall survival ("**OS**") data till final OS analysis.

- We achieved good safety, tolerance and promising anti-tumor efficacy results in a phase I clinical trial of KN046 in the treatment of patients with advanced solid tumors, especially in nasopharyngeal carcinoma patients. Such results were published online in *Journal for ImmunoTherapy of Cancer*, the official journal of the Society for Immunotherapy of Cancer, in June 2023.

- We achieved promising efficacy and favorable safety results in a phase II clinical trial of KN046 monotherapy in the treatment of advanced non-small cell lung cancer ("**NSCLC**"). Such results were published in *European Journal of Cancer*, the official journal of the European Organization for Research and Treatment of Cancer and the European Society of Breast Cancer Specialists, in July 2023.

- We achieved well tolerance and promising efficacy and safety signal in a phase II clinical trial of KN046 combined with axitinib in the first-line treatment for advanced NSCLC. Such results were presented at the 2023 European Society for Medical Oncology Congress (the "**ESMO Congress 2023**") in October 2023.

- We achieved well tolerance and encouraging results, especially in OS benefit, in NSCLC patients who had failed prior immune checkpoint inhibitor(s) therapy in a phase I and a phase II clinical trials of KN046 in treatment of NSCLC. Such results were presented at the ESMO Congress 2023 in October 2023.

- We obtained encouraging efficacy results, especially in OS benefit, and a favorable safety profile in advanced NSCLC patients received epidermal growth factor receptor ("**EGFR**") sensitivity mutation who failed EGFR tyrosine kinase inhibitor(s) (EGFR-TKI(s)) in a clinical trial of KN046 combined with chemotherapy for the treatment of NSCLC. Such results were presented at the ESMO Congress 2023 in October 2023.

- We achieved promising antitumor activity and tolerability in patients with refractory or metastatic thymic carcinoma who had at least received first-line chemotherapy in a phase II clinical trial of KN046. As of data cut-off date, August 30, 2023, the median OS was not mature and more than half of patients were still alive, demonstrating an encouraging signal in survival benefit. Such results were presented at the ESMO Congress 2023 in October 2023.

- In November 2023, the interim analysis of phase III clinical trial of KN046 in combination with nab-paclitaxel/gemcitabine versus placebo in combination with nab-paclitaxel/gemcitabine, for the treatment of locally advanced unresectable or metastatic pancreatic ductal adenocarcinoma without systemic treatment, was recommended by the independent data monitoring committee to continue the study and collect further follow-up OS data till final OS analysis.

KN026

- In May 2023, the investigational new drug ("**IND**") approval for a phase III clinical trial of KN026 in combination with docetaxel (albumin binding) in the first-line treatment for human epidermal growth factor receptor 2 ("**HER2**")-positive recurrent or metastatic breast cancer ("**BC**") was granted by the National Medical Products Administration of the People's Republic of China ("**China**" or the "**PRC**") (國家藥品監督管理局) (the "**NMPA**").

- We achieved favorable efficacy and safety profile in a phase II clinical trial of KN026 in combination of KN046 in the treatment of locally advanced unresectable or metastatic HER2-positive solid tumors other than BC or gastric cancer ("**GC**")/gastroesophageal junction cancer ("**GEJ**"). Such results were presented at the 2023 annual meeting of American Society of Clinical Oncology in June 2023.

- In July 2023, the first patient was successfully dosed in a phase III clinical trial of KN026 in combination docetaxel (albumin binding), versus trastuzumab combined with pertuzumab and docetaxel as the first-line treatment for HER2-positive recurrent or metastatic BC.

- KN026 in combination with docetaxel as first-line treatment for HER2-positive recurrent or metastatic BC in a phase II clinical trial had shown a tolerated and promising clinical benefit. Such results were presented at the ESMO Congress 2023 in October 2023.

- We achieved promising clinical results for patients with HER2-positive early or locally advanced BC with an acceptable and manageable safety profile in a phase II clinical trial of neoadjuvant treatment of KN026 in combination with docetaxel. Such results were presented at the ESMO Congress 2023 in October 2023.

- In November 2023, KN026 in combination with chemotherapy, has been granted breakthrough therapy designation for the treatment of patients with HER2-positive GC/GEJ who have failed first-line standard treatment (trastuzumab in combination with chemotherapy) by the Center for Drug Evaluation (藥品審評中心) (the "**CDE**") of the NMPA.

- We achieved well tolerance and promising clinical benefit as the first-line treatment for HER2-positive refractory or metastatic BC in a clinical trial of KN026 in combination with docetaxel. As of the data cut-off date, September 15, 2023, after two and a half years' follow-up, the median progression-free survival ("**PFS**") was 27.7 months and the 24-month OS rate was 84.1%, which demonstrated very promising efficacy without observing any new safety signal. Such results were presented at the 46th San Antonio Breast Cancer Symposium in December 2023.

KN035 (Envafolimab Injectable) (brand name: ENWEIDA, 恩維達®)

- In June 2023, the positive results of a six-month independent data monitoring committee review for the ongoing ENVASARC phase II pivotal clinical trial of KN035 were released by one of our collaboration partners, TRACON Pharmaceuticals, Inc., the shares of which are listed on the Nasdaq Global Select Market (ticker symbol: TCON). The results demonstrated a double-digit overall response rate and good tolerability.

- In August 2023, the IND approval for a phase III clinical trial of KN035 was granted by the NMPA for the neoadjuvant/adjuvant therapy in patients with resectable NSCLC, and the first patient was successfully dosed in December 2023.

- In October 2023, the IND approval for a phase III clinical trial of KN035 in combination with lenvatinib versus carboplatin-paclitaxel chemotherapy for the first-line treatment of patients with advanced or recurrent endometrial cancer with proficient mismatch repair (pMMR) was granted by the United States (the "**U.S.**") Food and Drug Administration (the "**FDA**").

- In November 2023, KN035 in combination with lenvatinib was granted breakthrough therapy designation for the treatment of non-microsatellite instability-high (MSI-H)/non-mismatch-repair deficiency (dMMR) advanced endometrial cancer that has failed or intolerant of at least one prior line of platinum-based chemotherapy by the CDE of the NMPA.

KN019

- In November 2023, the IND approval for the subcutaneous injection of KN019 was granted by the NMPA for clinical development.

KN052

- In February 2023, the Company entered into a strategic collaboration with Stemirna Therapeutics pursuant to which the Company will explore combination therapy of KN052 with personalized messenger ribonucleic acid ("**mRNA**") tumor vaccine SWP1001 in certain types of solid tumor.

- In March 2023, the pre-clinical research results of KN052 were accepted as Late-Breaking Research and were presented as poster at the 2023 annual meeting of American Association for Cancer Research in April 2023. The pre-clinical data of KN052 demonstrated its acceptable pharmacokinetic and safety profile and that its anti-tumor activity is significantly stronger than that of the two single-target control antibodies used alone and in combination.

JSKN003

- In March 2023, the first patient was successfully dosed in a phase Ia/Ib clinical trial of JSKN003 conducted in China. For details, please refer to the Company's announcement dated March 15, 2023. This phase Ia/Ib clinical trial of JSKN003 was further approved by the ethical committee of its leading clinical site to be adjusted as a phase I/II clinical trial.

- As of October 26, 2023, JSKN003 has shown initial efficacy and has been well tolerated by the HER2-expressing solid tumors patients in the phase I clinical trial in Australia. The relevant clinical data were presented in the Company's announcement on November 16, 2023.

JSKN033

- In December 2023, a phase I/II clinical trial of JSKN033 for the treatment of HER2-expressing advanced or metastatic solid tumors, has been approved by the Australian Bellberry Human Research Ethics Committee, and the first patient was successfully dosed in March 2024.

Manufacturing Facilities

- On July 6, 2020, we obtained a drug production license from Jiangsu Medical Products Administration for our manufacturing facilities, with a 4,000L (2x2,000L) production capacity. The construction of our pilot plant and preparation workshop was completed in the first half of 2022, and we obtained another drug production license from Jiangsu Medical Products Administration on December 3, 2022. We have completed the expansion of production facilities with a capacity of 6,000L (3x2,000L) and have officially put them into use since August 2023. The phase II construction is under planning and the facility is designed to house over 40,000L production capacity in total.

Other Highlights

- On February 3, 2023, the Company, Rubymab Ltd. (the "**Top-up Vendor**") and Jefferies Hong Kong Limited (the "**Placing Agent**") entered into a placing and subscription agreement (the "**Placing and Subscription Agreement**"), pursuant to which, (i) the Top-up Vendor agreed to sell, and the Placing Agent agreed, as agent of the Top-up Vendor, to procure, on a best effort basis, purchasers to purchase 25,000,000 placing Shares held by the Top-up Vendor (the "**Top-up Placing**") at a price of HK$15.22 per placing Share (the "**Placing Price**"); and (ii) the Top-up Vendor conditionally agreed to subscribe for (the "**Subscription**"), and the Company conditionally agreed to issue, 25,000,000 Subscription Shares at a price equivalent to the Placing Price. Completion of the Top-up Placing and the Subscription took place on February 7, 2023 and February 9, 2023, respectively. The Company received total net proceeds of approximately HK$376.2 million from the Subscription, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. For details, please refer to the Company's announcements dated February 3, 2023 and February 9, 2023 (the "**Placing Announcements**").

- In November 2023, the Company was granted "2023 Top 100 Chinese Pharmaceutical Innovative Enterprises (2023中國醫藥創新企業100強)" and "Top 20 Chinese Pharmaceutical Listed Companies in ESG Competitiveness in 2023 (2023中國醫藥上市公司ESG競爭力TOP20)" by *Healthcare Executive (E藥經理人)*, a specialized magazine focusing on the pharmaceutical industry.

Events after the Reporting Period

After the end of the Reporting Period and up to the date of this announcement, we have continued to make significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

- In January 2024, Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("**Jiangsu Alphamab**") and 3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司) ("**3D Medicines**") (collectively, the "**Licensors**"), and Glenmark (the "**Licensee**") entered into a license agreement (the "**License Agreement**") pursuant to which, the Licensors agreed to grant the Licensee an exclusive license and the right to sublicence in respect of oncology indications of KN035 (Envafolimab Injectable) to, among others, (a) develop KN035 in India, Asia Pacific (except Singapore, Thailand and Malaysia), Middle East and Africa, Russia, Commonwealth of Independent States and Latin America (the "**Territory**") for the purpose of commercialization in all field of use in oncology (the "**Field**") in the Territory; and (b) commercialize KN035 in the Field in the Territory, subject to the terms and conditions of the License Agreement. The Licensee shall bear its own costs and expenses related to the development and commercialization of KN035 in the Field in the Territory. Jiangsu Alphamab retains the exclusive right to produce KN035 for any purpose either inside or outside the Territory.

- We achieved encouraging PFS and OS benefit, well tolerance and manageable safety profile in a phase II clinical trial of KN046 in combination with nab-paclitaxel as the first-line treatment of advance triple-negative BC. Such results were published in *Nature Communications*, an open access journal that publishes high-quality research from all areas of the natural sciences, in February 2024.

- In March 2024, an implied approval for the clinical trial of JSKN016 in treatment of advanced malignant solid tumors was obtained from the CDE of the NMPA for clinical research.

- In March 2024, the results of the phase II clinical trial of KN046 in combination with chemotherapy as first-line treatment for metastatic NSCLC were published on *Cell Reports Medicine*, a premium open-access journal that publishes cutting-edge research in translational and clinical biomedical sciences.

For details of any foregoing, please refer to the rest of this announcement, where applicable, the Company's prior announcements published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company and prior press releases published on the Company's website.

Overview

We are a leading biopharmaceutical company in China with a fully integrated proprietary biologics platform in bispecific and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe these capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

Product Pipeline

Our highly differentiated in-house pipeline consists of monoclonal antibodies, bispecific antibodies, and antibody-drug conjugates ("**ADCs**") in staggered development status in oncology, including, among others, one approved for marketing by the NMPA and three in late clinical stage. The following chart summarizes our main product pipeline as of the date of this announcement:

Drug Candidate	Indications	Combination Therapies	IND / Proof of Concept / Pivotal / NDA
KN046 (PD-L1/CTLA-4 bispecific antibody)	1L sq NSCLC	+ chemotherapy	Pre-NDA
	1L pancreatic cancer	+ chemotherapy	
	1L NSCLC	+ axitinib	
	PD-(L)1 refractory NSCLC	+ axitinib	
KN026 (HER2/HER2 bispecific antibody)	1L BC	+ nab-docetaxel	
	≥ 2L GC/GEJ	+ chemotherapy	
	Neoadjuvant BC	+ docetaxel	
	Late-line colorectal cancer	+ KN046	
KN035 (SubQ PD-L1)	≥2L MSI-H/dMMR advanced solid tumors	monotherapy	already come to market in China in November 2021
	1L biliary track cancer	+ chemotherapy	
	≥2L soft tissue sarcoma	monotherapy	Global
	Neoadjuvant/adjuvant therapy NSCLC	+ chemotherapy	
JSKN003 (HER2 biparatopic ADC)	HER2-expressing solid tumors	monotherapy	China and Australia
JSKN033 (subcutaneous combination of JSKN003 and KN035)	HER2-expressing solid tumors	monotherapy	Australia
JSKN016 (HER3/TROP2 bispecific antibody ADC)	Solid tumors	monotherapy	

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including single domain antibody ("**sdAb**") and engineered proteins; (ii) our in-house developed proprietary platforms including sdAb/monoclonal antibody, CRIB (charge repulsion improved bispecific antibody) platform, CRAM (charge repulsion induced antibody mixture) platform, BADC (bispecific ADC) platform, BADDC (bispecific antibody dual drug conjugation) platform, ACC (antibody-cell conjugation) platform, GIMC (glycol-immuno modulator conjugation) platform and CIMC (chemokine immune modulator conjugation) platform; and (iii) state-of-the-art manufacturing capability, to be further strengthened by new facilities with an expected capacity of over 40,000L, designed and built to meet the current good manufacturing practice standards of the NMPA, the European Medicines Agency and the FDA.

Commercialization

We have commenced the commercialization of KN035 (Envafolimab Injectable) (brand name: ENWEIDA, 恩維達®) since November 2021. The new drug application ("**NDA**") for KN046 is expected to be submitted in 2024 and the one for KN026 is expected to be submitted in 2025. The successful launch of our first commercial product has propelled us to the commercial phase of our business operations and has unleashed full power of our fully-integrated multi-function platform for the discovery, development, manufacture and commercialization of innovative drugs. Our commercialization team expects to cover major provinces and municipalities in China in the future, especially the ones with relatively well-developed economies and high level of discretionary income. We intend to continue to leverage our evolving innovative technology platforms to develop our pipeline products and expand our commercialization team in anticipation of more product launches and more approved indications.

Cautionary Statement required by Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"): The Company cannot guarantee that it will be able to successfully develop, or ultimately market our core products, namely, KN046 and KN026. The shareholders of the Company (the "**Shareholders**") and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company (the "**Shares**").

Future Development

In 2023, we have continuously made steady progress in our R&D of our drug candidates, have explored strategic collaborations with our business partners, and have reached significant clinical development milestones. We, together with the global pharmaceutical industry, have sought to implement and adhere to emergency management plans, social distancing guidelines and adjusted regulatory processes, while we have continued to strive to develop and produce treatments and drug candidates that benefit patients.

In recent years, China has issued or amended a series of rules and policies with respect to, among others, priority review and patent compensation, quality control, sales, data protection of drug trials to support the R&D of pharmaceutical products. In 2020, the amended Measures for Administration of Drug Registration (《藥品註冊管理辦法》), the Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》), the Good Clinical Practice of Pharmaceutical Products (《藥物臨床試驗質量管理規範》), the Administrative Measures for Communication on the Research Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》) and the Registration Category of Biological Products and the Information Requirements for Declaration (《生物製品註冊分類及申報資料要求》) came into effect to streamline the R&D and production process of new drugs and the application process under the drug marketing authorization holder mechanism, as well as to provide a clear classification for therapeutic biological products. In 2021, the Guiding Principles for Clinical Research and Development of Anti-tumor Drugs Oriented by Clinical Value (《以臨床價值為導向的抗腫瘤藥物臨床研發指導原則》) was officially released, which aims to guide the clinical R&D activities of anti-tumor drugs to implement the R&D concept driven by clinical value and centered on the need of patients. In 2022, the Technical Guiding Principles for Clinical Research and Development of Bispecific Antibody for Anti-tumor Drugs (《雙特異性抗體抗腫瘤藥物臨床研發技術指導原則》) was officially released, which aims to guide the clinical R&D activities of bispecific antibody for anti-tumor drugs, and this Technical Guiding Principles could also be referred to for the clinical R&D activities of multi-specific antibody. These policies removed political barriers and sped up the R&D process for innovative new drugs, but also put forward higher innovative standards for pharmaceutical companies. The newly revised Patent Law of the People's Republic of China (《中華人民共和國專利法》) which came into effect on June 1, 2021 and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) which came into effect on January 20, 2024, launch a protection term compensation system for new drugs, where a patent may be granted an extended patent term up to five years as compensation for the time taken up due to regulatory review and approval. As a result, pharmaceutical companies with strong R&D capabilities for innovative therapeutic biologics will stand out and they will have unprecedented opportunities for development. The Company believes that there will be a stronger focus on R&D of innovative therapeutic biologics and heavier investments in new biotechnology. It is believed that in the next decade, the R&D of innovative therapeutic biologics in the PRC will drive the growth of the entire pharmaceutical industry.

The Group will continue to strive for delivering world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. To accomplish this mission, we will commit to advancing clinical development of our product pipeline, including developing KN046 for various major cancer indications in addition to selected indications using a fast/first-to-market approach. We will also strategically focus on cancers with HER2 expression in our KN026 clinical development plan. In the meantime, leveraging our strong in-house R&D capabilities and technology platforms, we will discover, validate and select lead candidates to enrich our early-stage pipeline with a focus on immuno-oncology based bispecific antibody drugs and bispecific ADCs. We will also continue to optimize our manufacturing process and technologies to enhance product quality and reduce costs. To maximize the commercial value of our assets with global rights, we will also continue to actively seek for more strategic collaboration opportunities for our core products, such as co-development, collaboration in combination development, and out-licensing.

FINANCIAL REVIEW

Overview

We recorded total revenue of RMB218.8 million for the year ended December 31, 2023, as compared with RMB166.8 million for the year ended December 31, 2022, and recorded total cost of sales of RMB55.2 million for the year ended December 31, 2023, as compared with RMB44.2 million for the year ended December 31, 2022. For the year ended December 31, 2023, the Group recorded other income of RMB91.8 million, as compared with RMB57.8 million for the year ended December 31, 2022. We recorded other gains of RMB33.1 million for the year ended December 31, 2023, as compared to RMB63.1 million for the year ended December 31, 2022. Our total comprehensive expense amounted to RMB211.4 million for the year ended December 31, 2023, as compared with RMB326.2 million for the year ended December 31, 2022. The R&D expenses of the Group amounted to RMB407.5 million for the year ended December 31, 2023, as compared with RMB468.2 million for the year ended December 31, 2022. The administrative expenses amounted to RMB79.3 million for the year ended December 31, 2023 as compared with RMB86.8 million for the year ended December 31, 2022. The finance costs amounted to RMB12.2 million for the year ended December 31, 2023 as compared with RMB14.2 million for the year ended December 31, 2022.

Revenue

We recorded total revenue of RMB218.8 million for the year ended December 31, 2023, as compared with RMB166.8 million for the year ended December 31, 2022. The Group mainly generated revenue from (i) sales of pharmaceutical products and royalty income; (ii) provision of goods and consumables for R&D projects; (iii) license fee income; and (iv) contract manufacturing organizations income. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and royalty income	**195,551**	147,544
Provision of goods/consumables for R&D projects	**14,722**	5,962
License fee income	**7,202**	13,002
Contract manufacturing organizations income	**426**	–
	217,901	166,508
Overtime		
Co-development and commercialization income	**873**	337
	218,774	166,845

For the year ended December 31, 2023, we recorded sales of pharmaceutical products and royalty income of RMB195.6 million, as compared with RMB147.5 million for the year ended December 31, 2022, primarily from 3D Medicines (Sichuan) Co., Ltd. (四川思路康瑞藥業有限公司) ("**3D Medicines (Sichuan)**"). The Group and 3D Medicines entered into a licensing agreement in February 2016 for the joint development and commercialization of KN035. For the year ended December 31, 2023, revenue from the sales of KN035 product to 3D Medicines (Sichuan) amounted to RMB128.4 million (2022: RMB86.0 million). Such revenue is recognized by the Group when the goods are delivered and the control of the goods has been transferred.

For the year ended December 31, 2023, the Group also recognized revenue of RMB67.2 million (2022: RMB61.5 million), for sales-based royalty fees primarily generated from licensing KN035 intellectual property under a supplementary agreement entered into between the Group, 3D Medicines and 3D Medicines (Sichuan) in December 2021, pursuant to which the Group is entitled to receive sales-based royalty fees in exchange for the right to use a license of KN035 intellectual property granted to 3D Medicines (Sichuan). The sales-based royalty fees were agreed between the contractual parties and invoiced on quarterly basis with a normal credit term of 30 days.

For the year ended December 31, 2023, the Group recognized revenue of RMB0.9 million on co-development and commercialization of KN035 (2022: RMB0.3 million), primarily representing the recognition of a non-refundable upfront payment of RMB10.0 million under our collaboration with 3D Medicines upon the commencement of commercialization of KN035 in November 2021.

In August 2021, we entered into a licensing agreement with Shanghai JMT-Bio Technology Co., Ltd. (上海津曼特生物科技有限公司) ("**JMT-Bio**") to develop and commercialize KN026 in mainland China for the treatment of BC and GC/GEJ. For the year ended December 31, 2023, we recorded revenue of RMB2.2 million (2022: RMB1.7 million), for the provision of goods and consumables for R&D projects to JMT-Bio. Such revenue is recognized at a point in time when control of the goods has been delivered and acknowledged by JMT-Bio. For the year ended December 31, 2023, we also recognized revenue of RMB7.2 million (2022: RMB13.0 million) representing the license fee income from JMT-Bio in connection with the sub project R&D results delivery under the licensing agreement with JMT-Bio.

Besides providing goods and consumables to JMT-Bio, we provide goods and consumables for various organizations to conduct clinical trials as well. Such revenue is recognized when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. For the year ended December 31, 2023, we recorded revenue of RMB12.5 million (2022: RMB4.2 million) for the provision of goods and consumables for other R&D projects.

Cost of Sales

The Group's cost of sales primarily consisted of cost of direct labor, manufacturing cost and raw material and manufacturing overhead related to the production of the product sold. For the year ended December 31, 2023, the Group recorded cost of sales of RMB55.2 million (2022: RMB44.2 million) primarily attributable to cost to sales of pharmaceutical products of RMB51.3 million (2022: RMB43.2 million), and cost to provision of goods and consumables for R&D projects of RMB3.9 million (2022: RMB1.0 million). The increase in the Group's costs of sales for the year ended December 31, 2023 was generally in line with the growth of the Group's revenue in the same period.

Other Income

The Group's other income primarily consisted of interest income and government grants income.

For the year ended December 31, 2023, the Group's other income increased by RMB34.0 million to RMB91.8 million, as compared to RMB57.8 million for the year ended December 31, 2022. Our interest income increased from RMB33.9 million for the year ended December 31, 2022 to RMB74.0 million for the year ended December 31, 2023, primarily due to a continuous increase in the benchmark rate of U.S. dollar, resulting in a much higher interest rate than RMB deposits during the same period. Our government grants income decreased from RMB23.9 million for the year ended December 31, 2022 to RMB17.8 million for the year ended December 31, 2023 primarily because we had fewer new projects and our existing projects were still pending for completion of local government inspection.

Other Gains and Losses

The Group's other gains primarily consisted of net exchange gains.

For the year ended December 31, 2023, we recorded RMB33.1 million of other gains, compared to RMB63.1 million for the year ended December 31, 2022, and the change was mainly due to unrealized net foreign exchange gain as a result of the strengthening of certain major currency, in particular, the U.S. dollar, against the RMB.

R&D Expenses

The Group's R&D expenses primarily consisted of (i) third-party contracting costs related to services provided by contract research organizations, contract manufacturing organizations, clinical trial sites, consultants and other service providers during the R&D of our pipeline products; (ii) staff costs for our R&D staff, including salary, bonus and equity incentives; (iii) raw materials costs in relation to the R&D of our drug candidates; (iv) office rental costs, utilities and depreciation and amortization; and (v) other miscellaneous expenses, which primarily include expenses for patent application registration services and logistics expenses of drug samples for clinical trials.

For the year ended December 31, 2023, our R&D expenses decreased by RMB60.7 million to RMB407.5 million, compared to RMB468.2 million for the year ended December 31, 2022, primarily because some pre-existing projects came into late stages, and some newly initiated projects were still at start-up initial stages, both of which incurred less R&D expenses. The following table sets forth the breakdown of our R&D expenses by nature for the years indicated.

	For the year ended December 31,			
	2023		2022	
	(RMB in thousands, except percentages)			
Outsourcing service fees	**136,990**	**33.6%**	182,298	38.9%
Staff costs	**129,831**	**31.9%**	139,614	29.8%
Office rental costs, utilities, and depreciation and amortization	**66,400**	**16.3%**	52,346	11.2%
Raw material costs	**55,478**	**13.6%**	61,446	13.1%
Others	**18,825**	**4.6%**	32,534	7.0%
Total	**407,524**	**100.0%**	468,238	100.0%

Administrative Expenses

The Group's administrative expenses primarily comprised staff costs for our administrative staff, including salary, bonus and equity incentives.

Our administrative expenses decreased by RMB7.5 million to RMB79.3 million for the year ended December 31, 2023, from RMB86.8 million for the year ended December 31, 2022, primarily due to the decrease in the administrative expenses of our Shanghai R&D center.

Finance Costs

The Group's finance costs primarily consisted of interest expenses on (i) bank borrowings, (ii) contract liabilities and (iii) lease liabilities related to our leases of office premises, R&D facilities and manufacturing facility.

Our finance costs decreased to RMB12.2 million for the year ended December 31, 2023, as compared to RMB14.2 million for the year ended December 31, 2022, primarily due to (i) the change of the amount of working capital borrowings, and (ii) the decrease in the interest rate of borrowings.

Income Tax Expense

We had unused tax losses of RMB3,315.6 million available for set off against future profits as of December 31, 2023, compared to RMB2,670.6 million for the year ended December 31, 2022. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams.

For the years ended December 31, 2023 and 2022, the Group did not incur any income tax expenses.

Loss for the Year

As a result of the above factors, the loss of the Company decreased by RMB115.1 million to RMB210.6 million for the year ended December 31, 2023 from RMB325.7 million for the year ended December 31, 2022.

Property, Plant and Equipment

Property, plant and equipment primarily consisted of our manufacturing facilities, R&D center and office premises.

Our property, plant and equipment decreased by RMB28.9 million to RMB550.1 million as of December 31, 2023, compared to RMB579.0 million as of December 31, 2022, primarily because of normal depreciation of property, plant and equipment.

Right-of-use Assets

Under IFRS 16, we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter.

Our right-of-use assets decreased by RMB13.8 million to RMB26.9 million as of December 31, 2023, compared to RMB40.7 million as of December 31, 2022, primarily due to normal amortization of right-of-use assets.

Inventories

The Group's inventories consisted of raw materials and other consumables used in the R&D of our drug candidates, work in progress and finished goods.

Our inventories increased by RMB14.1 million to RMB78.7 million as of December 31, 2023, as compared to RMB64.6 million as of December 31, 2022, primarily due to the expansion of sales scale of KN035 and the preparation for the transfer of our production lines.

Trade Receivables

The Group's trade receivables primarily consisted of trade receivables with contracts with customers.

Our trade receivables as of December 31, 2023 amounted to RMB7.1 million as compared to RMB15.5 million as of December 31, 2022, primarily due to decrease in royalty income during the fourth quarter of 2023.

Other Receivables, Deposits and Prepayments

The Group's other receivables, deposits and prepayments primarily consisted of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to contract research organizations and other third parties for services relating to our clinical trials; (ii) deposits and interest receivables mainly related to our time deposits; and (iii) value-added tax ("**VAT**") recoverable in connection with the procurement of raw materials, third-party services for our R&D activities, machinery and equipment for our new manufacturing facilities, which can offset the VAT to be incurred upon commercialization.

Our other receivables, deposits and prepayments increased by RMB0.5 million to RMB66.5 million as of December 31, 2023, which remained stable as compared to RMB66.0 million as of December 31, 2022.

Cash and Cash Equivalents and Time Deposits with Original Maturity Over Three Months

Our cash and cash equivalents mainly consisted of (i) cash at banks and on hand; and (ii) time deposits within original maturity less than three months.

Our cash and cash equivalents increased from RMB1,069.2 million as of December 31, 2022 to RMB1,086.0 million as of December 31, 2023, and our time deposits with original maturity over three months increased from RMB247.9 million as of December 31, 2022 to RMB321.2 million as of December 31, 2023, primarily because the Company received net proceeds from the Top-up Placing and recorded income from wealth management.

Financial Assets Measured at Fair Value through Profit or Loss ("FVTPL")

The Group's financial assets measured at FVTPL mainly represent RMB-denominated wealth management products we purchased from licensed commercial banks in the PRC.

Our financial assets measured at FVTPL decreased from RMB33.3 million as of December 31, 2022 to nil as of December 31, 2023, primarily because the Group cleared the holdings of certain wealth management products which expired during the year ended December 31, 2023.

Trade and Other Payables

The Group's trade and other payables primarily consisted of accrued R&D expenses and staff costs, which largely relate to our clinical studies. Our trade and other payables also consisted of payables for the construction of new facilities and the procurement of equipment and machinery for these new facilities.

Our trade and other payables was RMB175.1 million as of December 31, 2023, which remained relatively stable as compared to RMB177.2 million as of December 31, 2022.

Amount Due to a Related Company

Our amount due to a related company, Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("**Suzhou Alphamab**"), decreased from RMB4.5 million as of December 31, 2022 to RMB4.4 million as of December 31, 2023. The amounts due to Suzhou Alphamab as of December 31, 2023 primarily represented the process development service fees payable to Suzhou Alphamab.

Lease Liabilities

The Group's lease liabilities are in relation to properties we leased for our manufacturing and R&D activities and our office premises. We recognize lease liabilities with respect to all lease agreements in which we are the lessee, except for short term leases and leases of low value assets. For these leases, we generally recognize the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at present value that are not paid at the commencement date of the lease and subsequently adjusted by interest accretion and lease payments.

Our lease liabilities decreased from RMB20.4 million as of December 31, 2022 to RMB7.1 million as of December 31, 2023, primarily due to the timely payment of rents.

Contract Liabilities

We recorded contract liabilities of RMB27.5 million and RMB25.5 million as of December 31, 2022 and 2023, respectively. Our contract liabilities represented the upfront payment of RMB12.6 million from 3D Medicines that we recognized for co-development and commercialization of KN035 and the upfront payment of RMB12.9 million from JMT-Bio in relation to our performance obligation of providing goods and consumables for R&D projects in relation to KN026. Such amounts are our adjustment for the effects of the time value of money at a discount rate of 4.35% per annum and 3.70% per annum, respectively, taking into consideration of the credit characteristics of the Group. We own the right to manufacture and supply KN035 to 3D Medicines (Sichuan) and KN026 to JMT-Bio, respectively. As this accrual increases the amount of the contract liabilities during the period of development of KN035, it increases the amount of revenue to be recognized as the Group commences the manufacturing of the product and the transfer of control of goods to our customers for commercialization of KN035. As this accrual increases the amount of the contract liabilities during the period of development of KN026, it increases the amount of revenue to be recognized as the Group satisfies the performance obligation of providing goods and consumables for R&D projects to JMT-Bio.

Liquidity and Source of Funding

Our primary uses of cash were to fund our clinical trials, manufacturing, purchase of equipment and raw materials and other expenses. During the Reporting Period, we primarily funded our working capital requirements through proceeds from the global offering, Top-up Placing, sales of our commercialized product, pre-IPO financing and bank borrowings at reasonable market rates. Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized, and all cash transactions are dealt through reputable commercial banks. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

As of December 31, 2023, there was a balance of unutilized net proceeds from the global offering, Top-up Placing, pre-IPO financing and bank borrowings. For details on the net proceeds from the global offering and the Top-up Placing, please refer to the section headed "Use of Net Proceeds from the Global Offering" and "Use of Net Proceeds from the Top-up Placing" respectively in this announcement.

The Company believes that it has sufficient funds to satisfy our working capital and capital expenditure requirements for 2024.

Bank Borrowings

As of December 31, 2023, our bank borrowings of RMB250.0 million (as of December 31, 2022: RMB325.0 million), had effective interest rates of 2.70% to 2.87%. As of December 31, 2023, our secured bank borrowings were secured by property and plant of RMB255.4 million and land use rights in our right-of-use assets of RMB20.7 million.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of December 31,	
	2023	2022
Current ratio[(1)]	**5.84**	3.88
Quick ratio[(2)]	**5.55**	3.71
Gearing ratio[(3)]	**(0.50)**	(0.48)

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.

(3) Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. For the avoidance of doubt, ratio in brackets represents negative number.

Material Investments

The Group did not make any material investments during the year ended December 31, 2023. In addition, there is no current plan of the Group for material investments or additions of material capital assets as of the date of this announcement.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the year ended December 31, 2023.

Pledge of Assets

As of December 31, 2023, the Group had a total RMB255.4 million of property and plant and RMB20.7 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Foreign Exchange Exposure

During the year ended December 31, 2023, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of December 31, 2023, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables, and other financial liabilities denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2023.

Employees and Remuneration

As of December 31, 2023, the Group had 435 employees (2022: 472). The total remuneration cost incurred by the Group for the year ended December 31, 2023 was RMB189.3 million, as compared to RMB192.0 million for the year ended December 31, 2022.

The remuneration package of our employees includes salary, bonus and equity incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Company also has adopted Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme to provide incentives for the Group's employees. Please refer to the section headed "Statutory and General Information – D. Pre-IPO Share Option Plans" in Appendix V to the Company's prospectus dated December 2, 2019 (the "**Prospectus**"), the Company's circular dated April 22, 2020 and the Company's 2022 annual report and 2023 interim report for further details.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended December 31, 2023 RMB' 000	2022 RMB' 000
Revenue	4	**218,774**	166,845
Cost of sales		**(55,237)**	(44,207)
Gross profit		**163,537**	122,638
Other income	5	**91,817**	57,782
Other gains	6	**33,094**	63,073
R&D expenses	8	**(407,524)**	(468,238)
Administrative expenses		**(79,338)**	(86,771)
Finance costs	7	**(12,179)**	(14,206)
Loss before taxation		**(210,593)**	(325,722)
Income tax expense	9	**–**	–
Loss for the year	10	**(210,593)**	(325,722)
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss arising on translation of a foreign operation		**(794)**	(440)
Total comprehensive expense for the year		**(211,387)**	(326,162)
Loss per share in RMB			
– Basic	11	**(0.22)**	(0.35)
– Diluted		**(0.22)**	(0.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As of December 31, 2023 RMB' 000	2022 RMB' 000
Non-current assets			
Property, plant and equipment	*12*	**550,052**	579,008
Right-of-use assets	*13*	**26,901**	40,735
Deposits paid for acquisition of property, plant and equipment		**579**	1,328
Other receivables, deposits and prepayments	*16*	**1,051**	1,930
		578,583	623,001
Current assets			
Inventories	*14*	**78,747**	64,636
Trade receivables	*15*	**7,131**	15,490
Other receivables, deposits and prepayments	*16*	**65,416**	64,027
Financial assets at FVTPL		**–**	33,330
Time deposits with original maturity over three months		**321,248**	247,858
Cash and cash equivalents		**1,085,988**	1,069,189
		1,558,530	1,494,530
Current liabilities			
Trade and other payables	*17*	**175,098**	177,214
Amount due to a related company	*18*	**4,379**	4,515
Lease liabilities – current portion		**5,498**	15,113
Contract liabilities – current portion	*19*	**3,879**	7,854
Bank borrowings – current portion		**75,000**	175,000
Deferred income	*20*	**2,984**	5,216
		266,838	384,912
Net current assets		**1,291,692**	1,109,618
Total assets less current liabilities		**1,870,275**	1,732,619

	NOTES	As of December 31, 2023 RMB' 000	2022 RMB' 000
Non-current liabilities			
Lease liabilities – non-current portion		**1,582**	5,279
Contract liabilities – non-current portion	*19*	**21,581**	19,668
Bank borrowings – non-current portion		**175,000**	150,000
		198,163	174,947
Net assets		**1,672,112**	1,557,672
Capital and reserves			
Share capital		**13**	13
Reserves		**1,672,099**	1,557,659
Total equity		**1,672,112**	1,557,672

NOTES：

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 28, 2018 under the Companies Act of the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange since December 12, 2019. The addresses of the registered office and principal place of business of the Company will be disclosed in the corporate information section to the Company's annual report for the year ended December 31, 2023.

The Company is an investment holding company. The Group is principally engaged in R&D, manufacturing and commercialization of biologics of oncology.

The consolidated financial statements are presented in RMB, which is also the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the above new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 12 International Tax Reform – Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2.2 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after January 1, 2024.
[3] Effective for annual periods beginning on or after January 1, 2025.

The Directors anticipate that the application of all of the above amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue

The Group derives its revenue from contracts with customers in relation to the transfer of goods and services over time and at a point in time, as follows:

	2023	2022
	RMB'000	*RMB'000*
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and royalty income *(Note i)*	**195,551**	147,544
License fee income *(Note ii)*	**7,202**	13,002
Provision of goods/consumables for research and development projects *(Note ii & iii)*	**14,722**	5,962
Contract manufacturing organizations income	**426**	–
	217,901	166,508
Overtime		
Co-development and commercialization income *(Note i)*	**873**	337
	218,774	166,845

Notes:

(i) Co-development, commercialization of KN035:

Pursuant to an agreement entered into between 3D Medicines and the Group in February 2016, the Group would jointly develop and commercialize with 3D Medicines for KN035, a drug candidate that initially developed by the Group for the treatment of adult patients with advanced solid tumors who have unresectable or MSI-H phenotype/dMMR. In return, the Group entitles from 3D Medicines a non-refundable upfront payment of RMB10 million and an exclusive right to manufacture and supply of KN035 product to 3D Medicines for further commercialization to ultimate customers. The non-refundable upfront payment, which was received by the Group in April 2016, was initially recorded as contract liabilities and will be recognized as revenue (i.e., co-development and commercialization income) on the basis of direct measurements of the value of KN035 product transferred to 3D Medicines to date relative to the value of the budgeted manufacturing order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage). With the commercialization of KN035 in November 2021, the Group commenced to recognize the non-refundable upfront payment as revenue under an estimated product life of 15 years. During the year ended December 31, 2023, the Group recognized revenue on co-development and commercialization of KN035 amounting to RMB873,000 (2022: RMB337,000). As at December 31, 2023, the Group recognized contract liabilities amounting to RMB12,621,000 (2022: RMB12,968,000) (Note 19) in relation to this performance obligation, in which RMB669,000 is expected to be recognized as revenue within the next 12 months from the end of the Reporting Period. In addition, the Group considers the non-refundable upfront payment of RMB10 million from 3D Medicines contains significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money at a discount rate of 4.35% per annum taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liabilities during the period of development of KN035 drug candidate, it increases the amount of revenue to be recognized when the Group commences the manufacturing of the product and the transfer of control of goods to 3D Medicines for commercialization.

Concurrently, the Group recognized revenue from sales of KN035 product to 3D Medicines (Sichuan) (i.e., sales of pharmaceutical products) at point in time when control of the goods has transferred, being when the goods have been delivered to 3D Medicines (Sichuan)'s specified location. Following delivery, 3D Medicines (Sichuan) has the primary responsibility for the risks of obsolescence and loss in relation to the goods while it can request return or refund of goods only if the goods delivered do not meet the required quality standards. Full prepayments by 3D Medicines (Sichuan) are normally required before any goods delivery. For the year ended December 31, 2023, the Group recognized revenue on sales of KN035 product to 3D Medicines (Sichuan) amounting to RMB128,379,000 (2022: RMB86,040,000).

In December 2021, the Group entered into a supplementary agreement with 3D Medicines (Sichuan) and 3D Medicines pursuant to which the Group shall be entitled to sales-based royalty fees in exchange for the right to use a license of KN035 intellectual property granted to 3D Medicines (Sichuan). The sales-based royalty fees are agreed in the contract based on a specified formula and invoiced on quarterly basis with a normal credit term of 30 days. During the year ended December 31, 2023, revenue recognized on royalty income amounting to RMB67,172,000 (2022: RMB61,504,000).

(ii) Out licensing KN026:

In August 2021, the Group entered into an agreement with JMT-Bio, an independent third party, pursuant to which the Group granted to JMT-Bio an exclusive right of research & development and further commercialization of KN026, a drug candidate that was initially developed by the Group for the treatment of HER2-positive BC and GC/GEJ, in mainland China.

The considerations for the agreement comprise a fixed element (a non-refundable upfront payment of RMB150 million), two variable elements (i.e. progress-dependent milestones totaling RMB850 million and sales-based tiered royalties which are linked to the success of the research and development) and sub project research and development result delivery which is determined on cost-plus basis.

The Group determined that the consideration for the non-refundable upfront payment relates to two performance obligations: (1) the grant of a right to use the license and (2) provision of goods/consumables for research and development projects to JMT-Bio during clinical trial stage. The Group allocates the total transaction price of the non-refundable upfront payment into these two performance obligations based on their estimated stand-alone selling prices.

For the grant of a right to use the license, revenue is recognized at a point in time when the Group has transferred the license to JMT-Bio and JMT-Bio has the practical ability to use the license. During the year ended December 31, 2021, the Group recognized revenue of RMB132,787,000 in relation to the grant of a right to use the license, and the remaining fixed transaction price of RMB17,213,000 is allocated to the performance obligation of providing goods/consumables for research and development projects as stated below.

For provision of goods/consumables for research and development projects to JMT-Bio during clinical trial stage, revenue is recognized at a point in time when control of the goods has been transferred, being when the goods have been delivered and acknowledged by JMT-Bio. During the year ended December 31, 2023, the Group recognized revenue of RMB2,173,000 (2022: RMB1,732,000) in relation to the performance obligation of providing goods/consumables for research and development projects to JMT-Bio (see note (iii) below). In addition, the Group considers the non-refundable upfront payment of RMB17,213,000 contains a significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money at a discount rate of 3.70% per annum taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liabilities during the period of development of KN026, it increases the amount of revenue to be recognized as the Group satisfy this performance obligation. As at December 31, 2023, the Group recognized contract liabilities amounting to RMB12,839,000 (2022: RMB14,554,000) (Note 19) in relation to this performance obligation, in which RMB3,210,000 is expected to be recognized as revenue within the next 12 months from the end of the Reporting Period.

In connection with the sub project research and development result delivery under the licensing arrangement with JMT-Bio, during the year ended December 31, 2023, JMT-Bio validated the Group's delivery of results to it and reached into agreement with the Group that the consideration for this research results is RMB7,202,000 (2022: RMB13,002,000). The Group therefore recognized the full amount of this consideration upon the completion of JMT-Bio validation and the consideration has been fixed between these contractual parties.

(iii) Provision of goods/consumables for research and development projects

Provision of goods/consumables for research and development projects refers to goods/consumables provided for various organizations to conduct clinical trials. Revenue is recognized when control of the goods has transferred.

	2023	2022
	RMB'000	*RMB'000*
Provision of goods/consumables for KN026	**2,173**	1,732
Provision of goods/consumables for other research and development projects	**12,549**	4,230
	14,722	5,962

Segment information

For the purposes of resources allocation and performance assessment, the executive Directors of the Company, being the chief operating decision makers, review the consolidated results and financial position 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

Substantially all of the Group's non-current assets are substantially located in the PRC, substantially all of the Group's revenue from continuing operations from external customers is substantially based on the PRC, accordingly, no analysis of the operations of its external customers' geographical segment is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2023	2022
	RMB' 000	*RMB' 000*
3D Medicines (Sichuan) *(Note i)*	**195,864**	147,544

Notes:

(i) The revenue represents sales of pharmaceutical products and royalty income amounted to RMB195,551,000 and contract manufacturing organizations income amounted to RMB313,000 for the year ended December 31, 2023.

5. OTHER INCOME

	2023	2022
	RMB' 000	*RMB' 000*
Interest income	**74,042**	33,866
Government grants income *(Note)*	**17,775**	23,895
Others	**–**	21
	91,817	57,782

Note: Government grants income mainly includes subsidies from the PRC local government in support of oncology drug development. Out of which RMB2,232,000 (2022: RMB776,000) is released from deferred income upon compliance with the attached conditions and RMB15,543,000 (2022: RMB23,119,000) is received unconditionally from the government.

6. OTHER GAINS AND LOSSES

	2023	2022
	RMB' 000	*RMB' 000*
Exchange gains, net	**33,189**	66,708
Losses on derivative financial instruments	**–**	(4,087)
Others	**(95)**	452
	33,094	63,073

7. FINANCE COSTS

	2023	2022
	RMB' 000	*RMB' 000*
Interest expenses on:		
Bank borrowings	**10,650**	17,848
Contract liabilities	**984**	1,122
Lease liabilities	**545**	1,052
	12,179	20,022
Less: Interest capitalized in construction in progress ("**CIP**")	**–**	(5,816)
	12,179	14,206

8. R&D EXPENSES

	2023	2022
	RMB' 000	*RMB' 000*
Outsourcing service fees	**136,990**	182,298
Staff costs	**129,831**	139,614
Raw material costs	**55,478**	61,446
Office rental costs, utilities, and depreciation and amortization	**66,400**	52,346
Others	**18,825**	32,534
	407,524	468,238

9. INCOME TAX EXPENSE

The Company is exempted from taxation under the laws of the Cayman Islands.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC entities is 25% (2022: 25%). In addition, Jiangsu Alphamab has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Jiangsu Province and relevant authorities on October 18, 2022 for a term of three years from 2022 to 2024, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authorities in the PRC for every three years. Pursuant to Caishui 2018 circular No. 76, for Company accredited as a "High and New Technology Enterprise", the unused tax losses incurred in the previous five years can be carried forward, and the maximum carry-forward period is ten years.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 26%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 26% (2022: 26%).

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax is charged at a rate of 21%.

No provision for income taxation has been made as the Company and its subsidiaries either had no assessable profit or incurred tax losses in all relevant places of operation for both years.

10. LOSS FOR THE YEAR

	2023	2022
	RMB' 000	*RMB' 000*
Loss for the year has been arrived at after charging:		
Directors' remuneration	**11,836**	14,479
Other staff costs:		
Salaries and other allowances	**126,464**	125,540
Performance related bonus	**18,147**	14,672
Retirement benefits scheme contributions	**28,067**	27,703
Share-based payment expenses	**4,796**	9,589
Total staff costs	**189,310**	191,983
Capitalized in inventories	**(5,780)**	(2,025)
	183,530	189,958
Auditor's remuneration	**1,877**	2,007
Depreciation of property, plant and equipment	**55,784**	40,542
Depreciation of right-of-use assets	**13,334**	14,646
Cost of inventories recognized as an expense	**55,478**	61,446

11. LOSS PER SHARE

The calculations of the basic and diluted loss per Share are based on the following data:

	2023	2022
	RMB' 000	*RMB' 000*
Loss:		
Loss for the year attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	**(210,593)**	(325,722)
Number of Shares ('000)		
Weighted average number of Shares for the purposes of basic and diluted loss per Share	**959,899**	936,502

The calculation of basic and diluted loss per Share for the years ended December 31, 2023 and 2022, has not considered, where appropriate, the outstanding share options, and the restricted shares that have not yet been vested as their inclusion would be anti-dilutive.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings ***RMB'000***	**Plant and machinery** ***RMB'000***	**Leasehold improvements** ***RMB'000***	**Furniture and other equipment** ***RMB'000***	**CIP** ***RMB'000***	**Total** ***RMB'000***
COST						
As at January 1, 2022	227,399	103,285	1,897	49,171	143,081	524,833
Additions	363	418	65	–	143,567	144,413
Transfer	57,522	100,826	4,784	32,689	(195,821)	–
Disposal	–	–	–	(87)	–	(87)
As at December 31, 2022	285,284	204,529	6,746	81,773	90,827	669,159
Additions	–	–	–	–	26,924	26,924
Transfer	18,221	91,694	–	6,942	(116,857)	–
Disposal	–	(122)	(491)	–	–	(613)
As at December 31, 2023	**303,505**	**296,101**	**6,255**	**88,715**	**894**	**695,470**
DEPRECIATION						
As at January 1, 2022	23,031	11,965	501	14,194	–	49,691
Provided for the year	11,441	15,078	788	13,235	–	40,542
Disposal	–	–	–	(82)	–	(82)
As at December 31, 2022	34,472	27,043	1,289	27,347	–	90,151
Provided for the year	13,618	23,913	1,514	16,739	–	55,784
Disposal	–	(26)	(491)	–	–	(517)
As at December 31, 2023	**48,090**	**50,930**	**2,312**	**44,086**	**–**	**145,418**
CARRYING VALUES						
As at December 31, 2023	**255,415**	**245,171**	**3,943**	**44,629**	**894**	**550,052**
As at December 31, 2022	250,812	177,486	5,457	54,426	90,827	579,008

The above items of property, plant and equipment other than CIP are depreciated over their estimated useful lives, using straight-line method after taking into account the residual values, at the following rates per annum or over the following period:

Buildings	4.75%
Plant and machinery	9.50%
Leasehold improvements	Over the shorter of the term of the relevant lease or 20%
Furniture and other equipment	19% to 31.67%

13. RIGHT-OF-USE ASSETS

	Land use rights *RMB'000*	**Property, plant and equipment** *RMB'000*	**Total** *RMB'000*
As at January 1, 2022			
Carrying amounts	21,680	33,701	55,381
As at December 31, 2022			
Carrying amounts	21,185	19,550	40,735
As at December 31, 2023			
Carrying amounts	20,691	6,210	26,901
For the year ended December 31, 2022			
Depreciation charge	495	14,151	14,646
For the year ended December 31, 2023			
Depreciation charge	**494**	**12,840**	**13,334**

	2023 ***RMB'000***	2022 *RMB'000*
Expense relating to short-term leases	**102**	35
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**123**	134
Total cash outflow for leases *(Note)*	**13,662**	14,283
Additions to right-of-use assets	**4,580**	–

Note: The total cash outflows for leases amounted to RMB13,662,000 (2022: RMB14,283,000) (including short-term leases) for the year ended December 31, 2023, out of which RMB10,067,000 (2022: RMB9,228,000) was paid to Suzhou Alphamab.

The Group leased various property, plant and equipment to operate its R&D activities. The lease term is 3 years for both years. The lease agreements did not contain any contingent rent nor any extension or purchase option for the Group as a lessee. The lease agreements also do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Included in property, plant and equipment of the right-of-use assets are (i) offices of RMB3,813,000 (2022: RMB7,564,000) and (ii) plant and equipment of RMB2,397,000 (2022: RMB11,986,000). In addition, lease liabilities of RMB4,580,000 (2022: nil) are recognized with related right-of-use assets of RMB4,580,000 (2022: nil) during the year ended December 31, 2023.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately as the payments made can be allocated reliably.

As at December 31, 2022 and 2023, all right-of-use assets are located in the PRC.

14. INVENTORIES

	2023	2022
	RMB' 000	*RMB' 000*
Raw materials and other consumables	**45,079**	48,651
Work in progress	**25,998**	13,330
Finished goods	**7,670**	2,655
	78,747	64,636

15. TRADE RECEIVABLES

	2023	2022
	RMB' 000	*RMB' 000*
Trade receivables with contracts with customers	**7,131**	15,490

As at January 1, 2022, trade receivables from contracts with customers amounted to RMB7,606,000.

The following is an aging analysis of trade receivables, mainly representing the royalty fee, presented based on the date when the Group obtains the unconditional rights for payment at the end of the Reporting Period.

	2023	2022
	RMB' 000	*RMB' 000*
0-60 days	**7,131**	15,490

As at December 31, 2023, none of the Group's trade receivables are past due as at the end of the Reporting Period.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	RMB' 000	*RMB' 000*
Deposits	**1,047**	1,572
Interest receivables	**23,694**	7,515
Prepayments	**33,871**	53,536
Other receivables	**416**	125
Value-added tax recoverable	**7,439**	3,209
Total	**66,467**	65,957
Presented as non-current assets *(Note)*	**1,051**	1,930
Presented as current assets	**65,416**	64,027
	66,467	65,957

Note: The balance mainly represents a portion of value-added tax recoverable that is not expected to be recoverable within the next 12 months from the end of the Reporting Period and is therefore presented as non-current assets.

17. TRADE AND OTHER PAYABLES

	2023	2022
	RMB' 000	*RMB' 000*
Trade payables	**27,163**	13,111
Accrued expenses		
– Outsourcing service fees	**85,601**	98,741
– Staff costs	**26,157**	24,495
– Interest payable	**187**	314
– Others	**7,943**	11,811
	119,888	135,361
Payables for acquisition of property, plant and equipment	**13,704**	23,793
Other payables	**14,343**	4,949
Total	**175,098**	177,214

The average credit period of trade payables ranged from 30 to 60 days.

The following is an aging analysis of trade payables presented based on the invoice dates at the end of Reporting Period:

	2023	2022
	RMB' 000	*RMB' 000*
0-90 days	**27,163**	13,111

The Group's trade payables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2023	2022
	RMB' 000	*RMB' 000*
US$	**–**	288

18. AMOUNT DUE TO A RELATED COMPANY

The following is an aging analysis of the amount due to Suzhou Alphamab which is trade in nature.

	2023	2022
	RMB' 000	*RMB' 000*
Over 90 days	**4,379**	4,515

The balance is unsecured, interest-free and has no fixed repayment terms.

19. CONTRACT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Amounts received in advance for：		
Provision of goods/consumables for R&D of KN026	**12,839**	14,554
Co-development and commercialization of KN035	**12,621**	12,968
	25,460	27,522
Analyzed for reporting purposes as:		
Current *(Note ii)*	**3,879**	7,854
Non-current *(Note iii)*	**21,581**	19,668
	25,460	27,522

Notes:

(i) As at January 1, 2022, contract liabilities amounted to RMB28,469,000.

(ii) The Directors expected the performance obligation of the related contract will be fully satisfied within 12 months from the end of the Reporting Period. Therefore, the amounts were classified as current liabilities.

(iii) The Directors expected the performance obligation in respect of co-development and commercialization of KN035 and provision of goods/consumables for R&D projects of KN026 during clinical stage will not be fully satisfied within 12 months from the end of the Reporting Period. Therefore, the amounts were classified as non-current liabilities. The corresponding discount rates are disclosed in Note 4.

20. DEFERRED INCOME

	2023	2022
	RMB'000	*RMB'000*
Income related government grants	**2,984**	5,216

Movements of government grants:

	Total
	RMB'000
At January 1, 2022	1,992
Government grants received	4,000
Amortized to profit or loss	(776)
At January 1, 2023	**5,216**
Amortized to profit or loss	**(2,232)**
At December 31, 2023	**2,984**

21. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended December 31, 2023 (2022: nil), nor has any dividend been proposed since the end of the Reporting Period and up to the date of this announcement.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2023 (2022: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on March 28, 2018 as an exempted limited liability company under the laws of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange on December 12, 2019.

Compliance with the Corporate Governance Code

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules as the basis of the Company's corporate governance practices.

For the year ended December 31, 2023, the Company has complied with all applicable code provisions set out in the Corporate Governance Code except for the deviations from code provision C.2.1 of the Corporate Governance Code. Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. XU Ting ("**Dr. Xu**") currently serves as the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. The Directors believe that it is beneficial to the business operations and management of the Group that Dr. Xu continues to serve as both the Chairman and the chief executive officer of the Company.

The Company regularly reviews its compliance with corporate governance codes and the Board believes that save as disclosed above, the Company was in compliance with the applicable code provisions of the Corporate Governance Code for the year ended December 31, 2023.

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

Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ended December 31, 2023.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 (formerly Appendix 10) to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

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

The Company has also established a policy on Inside Information to comply with its obligations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify Directors and relevant employees in advance.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has established the Audit Committee and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the Corporate Governance Code.

The Audit Committee comprises three independent non-executive Directors, namely Mr. WEI Kevin Cheng, Dr. GUO Zijian and Mr. WU Dong. Mr. WEI Kevin Cheng, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The principal duties of the Audit Committee include, among others, the review and supervision of the Group's financial information; review of the Group's financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board.

The Group's annual results for the year ended December 31, 2023 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Use of Net Proceeds from the Global Offering

The Company's Shares were listed on the Stock Exchange on December 12, 2019. The net proceeds from the global offering amounted to approximately HK$2,042.5 million. As of December 31, 2023, approximately HK$1,717.5 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		Proceeds from the global offering utilized as of December 31, 2023		Proceeds from the global offering utilized during the Reporting Period		Amounts not yet utilized as of December 31, 2023	
	HK$ million	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*
Key drug development programs the R&D and commercialization of KN046								
• the ongoing and planned clinical trials of, and preparation of registration filings for, KN046	817.0	40.0%	676.3	39.4%	201.4	37.3%	140.7	43.3%
• the launch and, subject to regulatory approval, commercialization of KN046	204.3	10.0%	169.1	9.8%	50.3	9.3%	35.2	10.8%
Subtotal	***1,021.3***	***50.0%***	***845.4***	***49.2%***	***251.7***	***46.6%***	***175.9***	***54.1%***
the R&D and commercialization of KN026								
• the ongoing and planned clinical trials of, and preparation of registration filings for, KN026	326.8	16.0%	207.4	12.1%	75.5	14.0%	119.3	36.7%
• the launch and, subject to regulatory approval, commercialization of KN026	81.7	4.0%	51.9	3.0%	18.9	3.5%	29.8	9.2%
Subtotal	***408.5***	***20.0%***	***259.3***	***15.1%***	***94.4***	***17.5%***	***149.1***	***45.9%***
the R&D of KN019	102.1	5.0%	102.1	5.9%	76.6	14.2%	–	–
Subtotal	***1,531.9***	***75.0%***	***1,206.8***	***70.2%***	***422.7***	***78.3%***	***325.0***	***100.0%***
The construction of our new manufacturing and R&D facilities in Suzhou	**306.4**	**15.0%**	**306.4**	**17.9%**	**22.9**	**4.2%**	**–**	–
The early-stage pipeline and our working capital and general corporate purposes	**204.3**	**10.0%**	**204.3**	**11.9%**	**95.2**	**17.5%**	**–**	–
Total	**2,042.5**	**100.0%**	**1,717.5**	**100.0%**	**540.8**	**100.0%**	**325.0**	**100.0%**

The Company expects that approximately HK$100.0 million to HK$325.0 million, accounting for approximately 4.9% to 15.9% of the net proceeds of the global offering, will be utilized for the year ending December 31, 2024 and plans to utilize the balance of net proceeds of the global offering by the end of 2024. The expected timeline for utilizing the net proceeds from the global offering is based on the best estimation of future progress of regulatory approvals and market conditions made by the Company and subject to changes in accordance with our actual business operations and markets conditions. Going forward, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there is no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Use of Net Proceeds from the Top-up Placing

In February 2023, the Company entered into the Placing and Subscription Agreement with the Top-up Vendor and the Placing Agent and upon completion of the Top-up Placing, the Company received total net proceeds of approximately HK$376.2 million, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. As of December 31, 2023, approximately HK$39.4 million of the net proceeds of the Top-up Placing had been utilized as follows:

	Allocation of net proceeds from the Top-up Placing in the proportion disclosed in the Placing Announcements		Proceeds from the Top-up Placing utilized as of December 31, 2023		Proceeds from the Top-up Placing utilized during the Reporting Period		Amounts not yet utilized as of December 31, 2023	
	HK$ million	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*
the R&D and commercialization								
• the launch several registered clinical trials of JSKN003	301.0	80.0%	30.4	77.2%	30.4	77.2%	270.6	80.3%
• the clinical development of JSKN016	37.6	10.0%	8.4	21.3%	8.4	21.3%	29.2	8.7%
Subtotal	***338.6***	***90.0%***	***38.8***	***98.5%***	***38.8***	***98.5%***	***299.8***	***89.0%***
Company's general corporate purposes	**37.6**	**10.0%**	**0.6**	**1.5%**	**0.6**	**1.5%**	**37.0**	**11.0%**
Total	**376.2**	**100.0%**	**39.4**	**100.0%**	**39.4**	**100.0%**	**336.8**	**100.0%**

The Company expects that approximately HK$50.0 million to HK$100.0 million, accounting for approximately 13.3% to 26.6% of the net proceeds of the Top-up Placing, will be utilized for the year ending December 31, 2024 and plans to utilize the balance of net proceeds of the Top-up Placing by end of 2025. The expected timeline for utilizing the net proceeds from the Top-up Placing is based on the best estimation of future progress of regulatory approvals and market conditions made by the Company and subject to changes in accordance with relevant clinical development, our actual business operations and markets conditions.

Subsequent Events

Save as disclosed in section headed "Business Highlights – Events after the Reporting Period", the Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to December 31, 2023 and up to the date of this announcement.

Principal Risks and Uncertainties

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is scheduled to be held at 9:00 a.m. on Wednesday, June 12, 2024. A circular (including notice convening the AGM) will be published and despatched to the Shareholders (if requested) in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, June 6, 2024 to Wednesday, June 12, 2024, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Wednesday, June 12, 2024. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, June 5, 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.alphamabonc.com).

The annual report for the year ended December 31, 2023 containing all the information required by Appendix D2 to the Listing Rules will be despatched to the Shareholders (if requested) and published on the websites of the Stock Exchange and the Company in April 2024.

APPRECIATION

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

By Order of the Board
Alphamab Oncology
Dr. XU Ting
Chairman and Executive Director

Hong Kong, March 28, 2024

As at the date of this announcement, the Board comprises Dr. XU Ting as the Chairman and executive Director and Ms. LIU Yang as executive Director, and Dr. GUO Zijian, Mr. WEI Kevin Cheng and Mr. WU Dong as independent non-executive Directors.