邁博藥業
MABPHARM LIMITED
迈博药业有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2181

2023
ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Wang Hao *(Chief Executive Officer)*
Mr. Li Yunfeng
Dr. Li Jing
(retired from office on November 28, 2023)
Mr. Tao Jing
Dr. Hou Sheng
(appointed on November 28, 2023)

Non-executive Directors

Mr. Jiao Shuge *(Chairman)*
Mr. Guo Jianjun
(retired from office on November 28, 2023)
Dr. Qian Weizhu
(appointed on November 28, 2023)

Independent Non-executive Directors

Mr. Guo Liangzhong
Dr. Zhang Yanyun
Mr. Leung, Louis Ho Ming

AUDIT COMMITTEE

Mr. Leung, Louis Ho Ming *(Chairman)*
Mr. Jiao Shuge
Mr. Guo Liangzhong

REMUNERATION COMMITTEE

Dr. Zhang Yanyun *(Chairman)*
Dr. Wang Hao
Mr. Guo Liangzhong

NOMINATION COMMITTEE

Mr. Guo Liangzhong *(Chairman)*
Mr. Tao Jing
Dr. Zhang Yanyun

JOINT COMPANY SECRETARIES

Mr. Li Yunfeng
Mr. Tsang Ho Yin

AUTHORIZED REPRESENTATIVES

Mr. Li Yunfeng
Mr. Tsang Ho Yin

REGISTERED OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Block G79
Lujia Road East
Koutai Road West
China Medical City Taizhou
PRC
225300

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A, 18/F, Hong Xiang Centre
83 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISORS

As to Hong Kong law

Cleary Gottlieb Steen & Hamilton (Hong Kong)
37/F, Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

As to PRC law

Shanghai Allbright (Shenzhen) Law Offices
23rd Floor, Tower 1
Excellence Century Centre
Fu Hua 3rd Road
Futian District Shenzhen
PRC

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F
Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL BANK

Shanghai Pudong Development Bank
(Medical High-Tech Zone Branch)
1/F, Data Building, Taizhou Avenue
Medical High-Tech Zone
Taizhou, Jiangsu PRC

STOCK CODE

2181

COMPANY WEBSITE

www.mabpharm.cn

Financial Highlights

	For the year ended December 31,		
	2023	2022	Change
	RMB'000	*RMB'000*	*(%)*
Revenue	**87,161**	55,918	55.9
Cost of sales	**(11,923)**	(15,375)	(22.5)
Gross profit	**75,238**	40,543	85.6
Other income	**3,572**	27,302	(86.9)
Other gains and losses	**(1,366)**	(4,682)	(70.8)
Selling and distribution expenses	**(48,925)**	(28,213)	73.4
Research and development expenses	**(123,211)**	(147,906)	(16.7)
Administrative expenses	**(104,659)**	(90,557)	15.6
Impairment losses on financial assets	**(427)**	(118)	261.9
Finance costs	**(9,578)**	(7,188)	33.2
Loss before tax	**(209,356)**	(210,819)	(0.7)
Income tax expense	**–**	–	–
Loss and total comprehensive expense for the year	**(209,356)**	(210,819)	(0.7)
Attributable to:			
Owners of the Company	**(209,356)**	(210,819)	(0.7)
	RMB	*RMB*	
Loss per share attributable to ordinary equity holders of the Company			
– Basic and diluted	**(0.05)**	(0.05)	–

	At December 31, 2023	At December 31, 2022	Change
	RMB'000	*RMB'000*	*(%)*
Non-current assets	**692,767**	716,401	(3.3)
Current assets	**342,206**	201,120	70.2
Current liabilities	**316,191**	188,401	67.8
Net current assets	**26,015**	12,719	104.5
Non-current liabilities	**513,725**	328,176	56.5
Net assets	**205,057**	400,944	(48.9)

Chairman's Statement

Dear Shareholders,

We are grateful for your unremitting supports extended to Mabpharm Limited ("**Mabpharm**") throughout the years! Your endorsement and support has provided the strongest momentum for the rapid growth and innovation of Mabpharm. With expectations from the Shareholders and the whole society, Mabpharm has achieved remarkable progress in 2023.

Mabpharm has been committed to the research and development as well as commercialization of new biological drugs and biosimilar for the treatment of allergic diseases, autoimmune diseases and cancer. CMAB008, our first marketed product, has been marketed on the procurement platform across all the provinces within China, and extended presence to hospitals of all levels, primary medical institutions and pharmacies. With the smooth progress of channel connection, the sales of CMAB008類停® have achieved a significant increase, entering a period of rapid volume growth. The product has also achieved a major breakthrough in expanding into international markets. It has successfully obtained its first GMP certification from the PIC/S member country, showcasing Mabpharm's technological innovation capabilities and quality system recognized by internationally renowned organizations.

In May 2023, CMAB007奧邁舒® (Omalizumab alfa for Injection) developed by us was successfully approved for marketing in Chinese Mainland for treatment of patients diagnosed with IgE mediated asthma. As the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA, it is expected to expand its indications to allergic diseases such as urticaria, allergic rhinitis and food allergies, creating enormous market potential with an estimated target population of over 10 million. Through cooperation with our partner, Jiangxi Jemincare Pharmaceutical Co., Ltd., CMAB007 奧邁舒® successfully passed the negotiation for inclusion in the China's basic medical insurance program (the "**Medical Insurance**") as an exclusive product, and has been quoted on 34 provincial pharmaceutical product procurement and GPO platforms, achieving smooth progress in sales channel development with impressive quarterly growth in sales volume.

NDA application for CMAB009 developed by us for treatment of colorectal cancer has been submitted to the NMPA in March 2023, and the drug is expected to be approved for marketing in Chinese Mainland soon. As an innovative drug with overseas authorized patents, upon commercialization, the product will be the first home-made anti-EGFR monoclonal antibody drug with independent intellectual property for treatment of mCRC launched in the PRC market, and is expected to provide affordable biological targeted remedy with better efficacy for hundreds of thousands of Chinese patients with colorectal cancer. CMAB009 is also expected to expand its indications to pancreatic cancer, head and neck squamous cell carcinomas, cervical squamous cell carcinoma and other cancers, as its administration together with a variety of small molecule drugs has tremendous potential for application in various other cancer types. We have formed a collaboration with Jiangsu Simcere Zaiming Pharmaceutical Co., Ltd. ("**Jiangsu Simcere Zaiming**"), to leverage its strong sales team cultivated over the years in the field of oncology drug sales. With its expertise, we are confident that the market entry of CMAB009 will be accompanied by efficient channel penetration and impressive sales growth.

We possess strong capabilities in drug research, preclinical and clinical development, as well as a high-quality, cost-effective and large-scale production system for antibody drugs. The future commercialization of a series of drugs such as CMAB807 and CMAB015 will provide sustained momentum for rapid development of Mabpharm. As the Chinese pharmaceutical market rapidly expands, there is the potential for future inclusion of biopharmaceutical products in government-led initiatives such as Medical Insurance and centralized procurement negotiations. This policy guidance and support will significantly reshape the pharmaceutical market in China. The penetration rate of novel antibody drugs in the Chinese market is expected to experience breakthrough growth in the next five years. Capitalizing on our advanced technology, outstanding quality, and cost advantages, as well as an agile and proactive sales approach, we will actively engage in national healthcare reforms, seize opportunities arising from policy changes, and address the substantial unmet market demand in China. Furthermore, in response to significant untapped market demand overseas, we are actively pursuing global market expansion. By successfully obtaining GMP certification in PIC/S member countries, we aim to leverage the overseas market as another powerful growth driver of Mabpharm.

Mabpharm has been dedicated to the research, development and innovation in the biopharmaceutical field, gained insight into the core technology of mass preparation of antibody drugs and fostered a sophisticated and comprehensive research, development, innovation and commercialization platform. We have a production area in Taizhou with production facilities currently in operation, and completed the construction of the plant and installation of a drug substance production line and preparation line in another production area in Taizhou, which was in the process of trial production, process validation and GMP registration, bringing the aggregate scale of our cell reactor to over 40,000 liters. The solid equipment, technology and quality foundation we have in the field of antibody drug preparation will enable us to possess an excellent competitive advantage in future medical insurance and centralized procurement negotiations. Leveraging the competitive advantages in the R&D and mass production capacity in anti-body drugs in the PRC, we also proactively engaged in CDMO business without compromising our independent product R&D.

In the biopharmaceutical industry, China's fastest growing sector, government authorities have initiated constant medical reforms to optimize industry structure and guarantee national well-being, contributing to a significant enhancement in the efficiency of China's pharmaceutical market, and rapid increase in penetration in biological products market, especially antibody drugs representative of modern medical innovation. Innovative companies with more competitive advantages in innovation, quality and pricing will benefit a great deal. This trend will drive the development of the pharmaceutical market in China for a long time into the future. Riding on the trend of the overall pharmaceutical policy reform, we focus on niche markets such as allergic, respiratory, gastrointestinal and autoimmune diseases and tumors with tremendous unmet medical needs, make prior arrangements in respect of market blind spots, and launch comprehensive and flexible cooperation with national leading pharmaceutical businesses, in an effort to expedite the exponential growth of the sales of our products and give back to society.

The huge demands for antibody drugs in the global market, especially from the PIC/S member countries are under explosive growth. In light of the policy reform in China, the economies of scale of antibody drugs will greatly enhance the global competitiveness of Chinese antibody drugs. We will work closely with our overseas market partners to initiate new drug registration and research and development in different countries and regions in a comprehensive and flexible manner, with an aim to promote our products' global influence and accelerate their sales growth in the global market.

Global biopharmaceutical market has embraced an explosive stage of development. As China's pharmaceutical industry reform policy has been established, tremendous potential needs that were untapped upon in the past are transforming into real market demands. Our highly competitive biological new drugs are expected to be marketed in succession; and our innovation and commercialization team will continue to provide stable and efficient R&D pipeline and capacity guarantee. Relying on the significant advantages of our drugs in terms of quality and cost, we are well-positioned to capture opportunities presented in the policy reform and the significant increase in market penetration of biological new drugs, and satisfy the huge market demand with premium biological new drugs and ultimately benefit patients. Mabpharm is well-positioned to lead the current cycle of development of biopharmaceutical industry and achieve steady progress with our quality-prioritized strategy and innovation-driven initiative!

Mabpharm Limited
Jiao Shuge
Chairman of the Board

March 26, 2024

Corporate Profile

CORPORATE PROFILE

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

✓ **CMAB008類停® (infliximab for injection):** was approved for marketing by the NMPA in July 2021 (Guo Yao Zhun Zi S20210025) for the treatment of 1) ulcerative colitis in adults; 2) ankylosing spondylitis; 3) rheumatoid arthritis; 4) Crohn's disease in adults and pediatric patients aged above 6 years old; 5) fistula Crohn's disease; and 6) psoriasis. The Company's antibody drug production base of Taizhou Pharmaceutical located in China Medical City, Taizhou, Jiangsu Province also successfully passed the GMP compliance inspection for CMAB008類停® by Jiangsu Provincial Drug Administration. According to the regulations of the Medical Insurance, CMAB008類停® has also been automatically included in the Medical Insurance.

CMAB008類停® is approved for the treatment of six indications which have huge long-term unmet market demand (with more than 10 million patients in the PRC which is still growing). As of the end of 2023, CMAB008類停® has been marketed on the procurement platform across all the provinces within China, with its sales amount increasing significantly in 2023 as compared to 2022, and extended presence to over 1,000 hospitals (of all levels), primary medical institutions and pharmacies. Meanwhile, in addition to general indications, infliximab has been included in the tenth diagnosis and treatment plan of COVID-19 as a remedy, as well as the Expert Consensus on Diagnosis, Treatment and Prevention of COVID-19 among Children (Fifth Edition) for the treatment of multisystem inflammatory syndrome in children ("**MIS-C**"), suggesting further improvement in its role as a guideline. In 2023, we launched 3,142 special academic forums on CMAB008類停®. Besides, we continued to conduct the relief donation of CMAB008類停® to give back to the society and benefit the low-income patients. With the progress in both academic fields and contributions to society, CMAB008類停® has secured remarkable market recognition, which set the solid foundation for its continued rapid growth in sales volume. With high quality innovative drugs as the foundation, the Company will provide innovative antibody drugs to patients in the PRC by offering more economical and affordable drug supply solutions and fully participating in China's national healthcare system reform initiatives. The Company has also initiated cooperation with partners who have accumulated abundant overseas market resources over a long period of time to rapidly expand to overseas markets. At present, the Company has launched registration and market exploration in more than 30 countries and/or regions, completed GMP inspections in three countries, and has passed the GMP inspection certification in Brazil, a PIC/S member country.

✓ **CMAB007奧邁舒® (Omalizumab alfa for Injection):** approved for marketing by the NMPA in May 2023 (Guo Yao Zhun Zi S20230030 for specification of 75 mg/vial and Guo Yao Zhun Zi S20230031 for specification of 150 mg/vial) for the treatment of patients diagnosed with IgE mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. In August 2023, CMAB007奧邁舒® was also approved by the NMPA to launch clinical trials targeting chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines. We have successfully initiated the phase III clinical trial of CMAB007奧邁舒® for treatment of urticaria. As an anti-IgE monoclonal antibody, CMAB007奧邁舒® is expected to expand its indications to allergic diseases such as allergic rhinitis and food allergies. In the future, we will actively carry out various studies to rapidly expand the R&D and therapeutic applications of CMAB007奧邁舒® in multiple allergic disease areas.

During the Reporting Period, Taizhou Pharmaceutical entered into an exclusive commercialization cooperation agreement in relation to CMAB007奧邁舒® in China with Jiangxi Jemincare Pharmaceutical Co., Ltd.* (江西濟民可信醫藥有限公司) ("**Jemincare**"), a pharmaceutical company with remarkable market promotion capability and proven track record. In 2023, CMAB007奧邁舒® was included as an exclusive product in the negotiation list under the Medical Insurance, and in the fourth quarter of 2023, it was successfully included in the Medical Insurance after negotiation. As of the date of this announcement, we have quoted our CMAB007奧邁舒® on 34 provincial pharmaceutical product procurement and GPO platforms, and completed the first order in the second month after being approved for marketing, covering various hospitals, primary medical institutions and pharmacies. We anticipate that CMAB007奧邁舒®, as an exclusive product included in the Medical Insurance, will experience rapid market penetration and substantial sales growth in 2024.

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

The drug marketing application for CMAB009 was accepted by the NMPA in March 2023, and we have submitted the supplemental information as required by the NMPA, and expect that CMAB009 will be approved for marketing in the second quarter of 2024. For further details, please refer to the announcement of the Company dated March 14, 2023. We expect that upon commercialization, CMAB009 will be the first home-made anti-EGFR monoclonal antibody drug with independent intellectual property for treatment of mCRC launched in the PRC market, and is expected to provide affordable biological targeted remedy with better efficacy for hundreds of thousands of Chinese patients with tumors. At the same time, CMAB009 is also expected to expand its indications to pancreatic cancer, head and neck squamous cell carcinomas, cervical squamous cell carcinoma and other cancers, as its administration together with a variety of small molecule drugs has tremendous potential for application in various other cancer types. The Group will expedite the clinical and registration work of CMAB009 targeting the aforesaid indications.

Taizhou Pharmaceutical has entered into a business cooperation agreement with Jiangsu Simcere Zaiming, pursuant to which Taizhou Pharmaceutical granted exclusive commercial rights in respect of CMAB009 (including but not limited to sales management, marketing and promotion, formulation and adjustment of related strategies and the rights to obtain relevant benefits) in the Chinese Mainland. For further details, please refer to the announcement of the Company dated August 18, 2023.

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

Among our other drug candidates, CMAB015 (secukinumab) possesses remarkable efficacy advantages in the treatment of autoimmune diseases such as psoriasis, and has become one of the most rapidly growing biological agents in the treatment of psoriasis in China. We have completed the phase I clinical trials for CMAB015 and are initiating the phase III clinical trials. CMAB807 (denosumab) has completed phase III clinical trials for osteoporosis, commenced data compilation for NDA application, and received the approval from the NMPA for clinical trials targeting tumor bone metastasis (CMAB807 X) in January 2022 (Clinical trial approval notice number: 2022 LP00032). The "strong antibody" new drug CMAB017 has obtained approval from the NMPA for clinical trial for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. Compared with marketed EGFR anti-body drugs, CMAB017 has better efficacy and safety. We have also developed CMAB022 (ustekinumab), a biosimilar, which promises sound market prospect for the treatment of psoriasis, psoriatic arthritis, Crohn's disease, ulcerative colitis, etc.

We have strong in-house capabilities in pharmaceutical research, manufacturing, pre-clinical and clinical development. We promote the commercialization of drugs developed by us through business cooperation with leading domestic enterprises engaged in sales of pharmaceutical products. This approach enables us to capitalize on the economies of scale arising from the substantial sales resources and experience of our business partners accumulated throughout the years in disease-specific fields, and to build up and enhance our own distinctive and efficient sales system with a focus on specific indications. We focus on the R&D of monoclonal antibodies. Our core R&D team members have more than 20 years of experience in this area, and have led three major projects under the "863" Program, also called the State High-Tech Development Plan, among other national-level scientific research projects.

We have four antibody drug production lines in operation in Taizhou. The construction of plants in our new R&D and industrial base in Taizhou has also been completed, and the Company's newly constructed 5,000 L GMP production line has started trial production, process validation and GMP registration, bringing the aggregate scale of our cell reactor to over 40,000 liters. The solid equipment, technology and quality foundation we have in the field of antibody drug preparation will enable us to possess an excellent competitive advantage in future Medical Insurance and centralized procurement negotiations. Leveraging the competitive advantages in the R&D and mass production capacity in anti-body drugs in the PRC, we also proactively engaged in CDMO business without compromising our independent product R&D.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Research and development of our drug candidates

Set out below is an overview of our drug candidates and their R&D status as of December 31, 2023:

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Autoimmune Disease	TNFα	Rheumatoid Arthritis Ulcerative colitis in adults Ankylosing spondylitis Crohn's disease in adults and pediatric patients aged above 6 years old Fistula Crohn's disease Psoriasis	CMAB008 (INN name: Infliximab)	New Drug/ Core Product						Approved for marketing in July 2021	PRC and overseas (excluding Japan, North America and Europe)	Remicade®, Humira®, Enbrel®, Simponi®, Yisaipu®, Anbainuo®
Respiratory Disease	IgE	Asthma	CMAB007 (INN name: Omalizumab α)	New Drug/ Core Product						Approved for marketing in May 2023	PRC and overseas (excluding Japan, North America and Europe)	Xolair®
		Urticaria	CMAB007 (INN name: Omalizumab α)	New Drug/ Core Product					Pending new drug marketing application submission (Quarter 1, 2026)	Quarter 1, 2027	PRC and overseas (excluding Japan, North America and Europe)	Xolair®
Cancer	EGFR	Colorectal Cancer	CMAB009 (INN name: Cetuximab β)	New Drug/ Core Product					New drug marketing application submitted in March 2023	Quarter 2, 2024	PRC and overseas (excluding Japan, North America and Europe)	Erbitux®

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Bone-related diseases	RANKL	Osteoporosis	CMAB807 (INN name: Denosumab)	Biosimilar					Pending new drug marketing application submission (Quarter 4, 2024)	Quarter 4, 2025	Global	Prolia®, Boyoubei® (博優倍®), Lukexin® (魯可欣®), Mailishu (邁利舒®)
		Tumor bone metastasis	CMAB807X (INN name: Denosumab)	Biosimilar					Phase III (Quarter 4, 2024)	Quarter 4, 2028	Global	XGEVA®
Cancer	PD1	Non-small cell lung cancer, hepatocellular carcinoma and squamous cell carcinoma of the head and neck	CMAB819 (INN name: Nivolumab)	New Drug					Phase III (Quarter 4, 2024)	Quarter 4, 2028	Global	Opdivo®, Keytruda®, Tyvyt®, JS001
Cancer	EGFR	Colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma	CMAB017	Innovative drug					Phase III (Quarter 4, 2026)	Quarter 4, 2030	Global	Vectibix®

Field	Target	Indication	Drug candidate code	Classification	Pre-clinical	Phase I	Phase II or Phase II/III	Phase III	Expected time to reach the next regulatory milestone	Anticipated completion of regulatory review	Commercial rights	Competitive marketed drugs
Autoimmune Disease	IL-17A	Plaque psoriasis, psoriatic arthritis and ankylosing spondylitis	CMAB015 (INN name: Secukinumab)	Biosimilar					Pending new drug marketing application submission (Quarter 4, 2025)	Quarter 4, 2026	Global	Cosentyx®
Inflammatory Diseases	IL-12 & IL-23	psoriasis, psoriatic arthritis, Crohn's disease, ulcerative colitis	CMAB022 (INN name: Ustekinumab)	Biosimilar					Pending submission of clinical trial application (Quarter 2, 2025)	Quarter 4, 2029	Global	Stelara®
Allergic diseases such as asthma	TSLP	Severe asthma in adults and children aged above 12	CMAB023 (INN name: Tezepelumab)	Biosimilar					Pending submission of clinical trial application (Quarter 4, 2025)	Quarter 4, 2028	Global	TEZSPIRE®
Autoimmune Disease	IgG4	Atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis and prurigo nodularis	CMAB016 ((INN name: Dupilumab)	Biosimilar					Pending submission of clinical trial application (Quarter 3, 2025)	Quarter 1, 2030	Global	Dupixent®

Notes:

1. We commenced the R&D of CMAB016 (Dupilumab) in August 2023.
2. We stopped the R&D of CMAB018 (Mepolizumab) in September 2023.

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

Core Product Candidates

類停®-CMAB008 (infliximab for injection)

CMAB008類停® is a recombinant anti-TNFα chimeric monoclonal antibody that was approved by the NMPA (Guo Yao Zhun Zi S20210025) on July 12, 2021 for the treatment of:

(i) ulcerative colitis in adults;

(ii) ankylosing spondylitis;

(iii) rheumatoid arthritis;

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

(v) fistula Crohn's disease; and

(vi) psoriasis.

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

CMAB008類停® is the first infliximab launched in the domestic market following "Remicade", the original drug imported and sold by Xi'an Janssen Pharmaceutical Limited (西安楊森製藥有限公司). CMAB008類停® is approved for the treatment of six indications which have huge long-term unmet market demand with more than 10 million patients in the PRC which is still growing. During the past decades, following the inclusion in the Medical Insurance system and shift in habit towards adopting biological agents, the overall market share of infliximab witnessed a rapid increase, especially in the field of IBD, for which infliximab has become the key biological agent for treatment due to its rapid onset of effect and obvious curative effect.

During the Reporting Period, CMAB008類停® posted significant increase in sales revenue. We have quoted our CMAB008類停® on all provincial pharmaceutical product procurement and GPO (group purchasing organizations) platforms in China, and included it in the Medical Insurance system. With its presence extending to over 1,000 hospitals and other terminals, CMAB008類停® has opened up sales channels across China. Besides, the Company has also started cooperating with partners with long-standing and profound resources in the overseas market to initiate the marketing registration process of CMAB008類停® in more than 30 countries and/or regions, completed GMP inspections in three countries, and has passed the GMP inspection certification in Brazil, a PIC/S member country.

奧邁舒® – CMAB007 (Omalizumab alfa for Injection)

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

CMAB007奧邁舒® has been approved for marketing by the NMPA in May 2023 (Guo Yao Zhun Zi S20230030 for specification of 75 mg/vial and Guo Yao Zhun Zi S20230031 for specification of 150 mg/vial) for the treatment of patients diagnosed with IgE mediated asthma, which is the first domestic allergic asthma therapeutic antibody new drug in China approved by the NMPA. For details regarding the approval of the NDA, please refer to the announcement of the Company dated May 23, 2023. CMAB007奧邁舒® was also approved by the NMPA in August 2023 to launch clinical trials targeting chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines (acceptance number: CXSL2300377 for specification of 75 mg/vial and acceptance number: CXSL2300378 for specification of 150 mg/vial). We expect to file the NDA of CMAB007奧邁舒® for the treatment of chronic spontaneous urticaria with the NMPA in the first quarter of 2026, and expect to obtain NMPA approval for marketing in the first quarter of 2027. During the Reporting Period, Taizhou Pharmaceutical entered into an exclusive commercialization cooperation agreement in relation to CMAB007奧邁舒® in China with Jemincare, pursuant to which Taizhou Pharmaceutical granted an exclusive promotion right in respect of CMAB007奧邁舒® in China (including the Chinese Mainland, Hong Kong, Macau and Taiwan) to Jemincare. Taizhou Pharmaceutical will continue to possess all the rights and interests in respect of CMAB007奧邁舒® in China (including the Chinese Mainland, Hong Kong, Macau and Taiwan) other than promotion right. For details regarding the aforesaid transaction, please refer to the announcement of the Company dated April 13, 2023. In 2023, CMAB007奧邁舒® was included as an exclusive product in the negotiation list under the Medical Insurance, and in the fourth quarter of 2023, it was successfully included in the Medical Insurance after negotiation. As of the date of this announcement, we have quoted CMAB007奧邁舒® on 34 provincial pharmaceutical product procurement and GPO platforms, and completed the first order in the second month after being approved for marketing, covering various hospitals, primary medical institutions and pharmacies. We anticipate that CMAB007奧邁舒®, as an exclusive product included in the Medical Insurance, will experience rapid market penetration and substantial sales growth in 2024.

CMAB009

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

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

During the Reporting Period, Taizhou Pharmaceutical has entered into a business cooperation agreement with Jiangsu Simcere Zaiming, pursuant to which Taizhou Pharmaceutical granted exclusive commercial rights in respect of CMAB009 (including but not limited to sales management, marketing and promotion, formulation and adjustment of related strategies and the rights to obtain relevant benefits) in the Chinese Mainland. For further details, please refer to the announcement of the Company dated August 18, 2023.

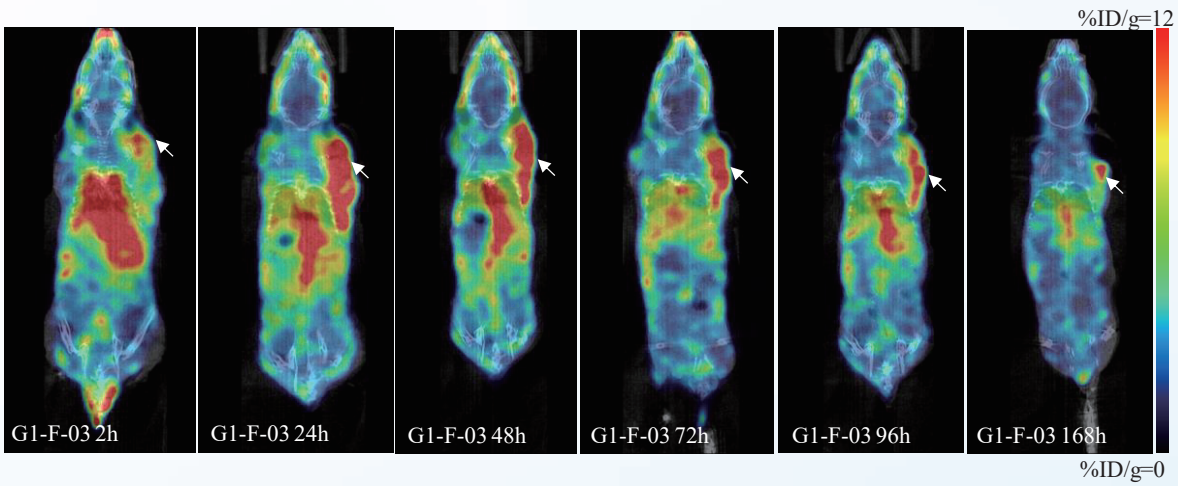
Other Product Candidates

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

We have also developed a dosage form of CMAB807, i.e. CMAB807 X (denosumab), for the treatment of tumor bone metastasis and conducted pre-clinical study, and obtained the Clinical Trial Approval Notice. CMAB807 X is expected to obtain the NMPA approval for marketing in the fourth quarter of 2028 for the treatment of tumor bone metastasis.

CMAB819 (nivolumab) is our biosimilar drug candidate currently undergoing phase I clinical trial. CMAB819 has been approved by the NMPA for clinical trial. The phase I clinical trials are in process. We expect that CMAB819 may be approved by the NMPA for marketing in the fourth quarter of 2028. CMAB819 is indicated for the treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma and head and neck squamous cell carcinomas.

CMAB017 (anti-EGFR probody) is an innovative probody drug. Regarding CMAB017, the design of blocking peptide is expected to significantly reduce adverse skin reactions, gastrointestinal mucosa, etc. The selection of human immunoglobulin G1 (IgG1) constant region can enhance the effect mediated by Fc fragment of antibody and thus improve the curative effect. CMAB017 is a biological class I new drug with better efficacy and safety than similar products available on the market, and it is expected that more new probody drugs will be developed by leveraging the R&D platform of CMAB017. CMAB017 is indicated for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. CMAB017 has been approved by the NMPA for clinical trials for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. Results of the completed experimental study on tissue distribution of tumor-bearing mice show that CMAB017 concentrates locally in tumor 24-72 hours after administration. We expect that CMAB017 may be approved by the NMPA for marketing in the fourth quarter of 2030.



CMAB015 (secukinumab) is a biosimilar candidate for secukinumab. CMAB015 targets interleukin 17A (IL-17A) for treating psoriasis and ankylosing spondylitis. Secukinumab is the most effective curer for psoriasis at present, which offers significant efficacy and guarantees much more stable condition after drug withdrawal compared with peers. CMAB015 has been approved by the NMPA for clinical trials of the treatment of psoriasis and ankylosing spondylitis. We have completed the phase I clinical trial for CMAB015 and is initiating the phase III clinical trial, and expect that CMAB015 may be approved by the NMPA for marketing in the fourth quarter of 2026.

CMAB022 is a candidate biosimilar product of stelara® (ustekinumab), targeting and binding interleukin-12 (IL-12) and interleukin-23 (IL-23). It inhibits these two proinflammatory cytokines by binding to the P40 subunit shared by IL-12 and IL-23 and preventing them from binding to the cell surface IL-12 receptor $\beta 1$. IL-12 and IL-23 play a key role in immune-mediated inflammatory diseases. FDA approved its use for treatment of psoriasis, psoriatic arthritis, Crohn's disease and ulcerative colitis. According to the results of several large-scale randomized controlled trials conducted abroad (UNITI-1, UNITI-2 and IM-UNITI), ustekinumab has significant clinical remission and clinical response rate for patients with moderately to severely active Crohn's disease, as well as a high healing rate of intestinal mucosa. Not only can ustekinumab be used as an induction therapy, it can also be continued as a subcutaneous injection for maintenance therapy after a single intravenous injection, with good efficacy and safety during maintenance therapy. In addition, ustekinumab can also be used as a salvage therapy, and in the case of failure or intolerance of other biologics (e.g., anti-TNFα drugs), the use of ustekinumab can still achieve favourable results. CMAB022 has completed engineering cell construction, screening and laboratory scale process studies, and is undergoing pilot process scale-up. We expect to complete all preclinical studies and submit a clinical trial application in the second quarter of 2025; initiate the Phase I clinical trial in the first quarter of 2026, and select IBD as the indication for the Phase III clinical trial; and obtain NMPA approval for marketing (for the IBD indication, and to apply for expansion to other approved indications) in the fourth quarter of 2029.

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

CMAB016 is a candidate biosimilar product of Dupixent® (dupilumab) and a monoclonal antibody of the human immunoglobulin G4 (IgG4) subtype. CMAB016 targets and binds to the alpha subunit of the interleukin 4 (IL-4) receptor, blocking the signaling pathway of IL-4 and interleukin 13 (IL-13), and is approved by FDA for the treatment of atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis and prurigo nodularis. In the BOREAS and NOTUS trials: the incidence of acute exacerbations of moderate-to-severe chronic obstructive pulmonary disease (COPD) at week 52 was significantly reduced by 30% and 34%, respectively, in the dupilumab-treated group compared to the placebo group. Both trials demonstrated rapid and significant improvement in lung function with dupilumab compared to placebo, and the benefit was sustained through week 52. FDA has granted priority review of a supplemental Biologics License Application (sBLA) for a sixth potential indication for dupilumab as an add-on maintenance treatment in adult patients with uncontrolled COPD. CMAB016 has completed engineering cell construction, screening and laboratory scale process studies, and we expect to complete all preclinical studies and file a clinical trial application in the third quarter of 2025; initiate clinical trials in the second quarter of 2026; and obtain NMPA approval for marketing in the first quarter of 2030.

Research and development of new drug candidates

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

Research and development system

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

DRUG CANDIDATES COMMERCIALIZATION AND PRODUCTION FACILITIES CONSTRUCTION

Existing production facilities

Our production site in Taizhou consists of two premises, one of which accommodates two buildings of 30,000 square meters in total, houses our mAb production facilities and is equipped with production facilities currently in operation, including (i) four 3×1,500 L antibody bioreactor systems and related purification lines, (ii) an injection vial filling line capable of manufacturing four million units per annum and (iii) a pre-filled syringes production line capable of manufacturing one million units per annum. Our production facilities have successfully passed the GMP compliance inspection for CMAB008 and CMAB007 by the Jiangsu Provincial Drug Administration and have commenced commercial production.

The other production premise accommodates a parcel of industrial land of approximately 100,746 square meters in the Taizhou Hi-tech Zone, including (i) large-scale monoclonal antibody drug substance production lines with scale of each cell reactor reaching 7,500 L and 18,000 L, respectively, and (ii) two drug product filling lines which have already completed the construction of the plant, and installation of a drug substance production line and preparation line which were in the process of trial production, process validation and GMP registration, bringing the aggregate scale of our cell reactor to over 40,000 liters.

Marketing and distribution

Further, during the rapid growth of the pharmaceutical market in China, the central procurement under the Medical Insurance that may be extended to cover biological drugs in the future and the increased effort in national negotiations on Medical Insurance will restructure the pharmaceutical market in China to a large extent. We will actively participate in the national medical reform with our advantages in advanced technology, quality and cost, as well as the strong sales teams of our partners who possess profound experience in fields of specific diseases, and capture the opportunities presented during the policy reform so as to capture the huge unmet market demand in China. Besides, we have also started cooperating with partners with long-standing and profound resources in the overseas market to initiate the marketing registration process of CMAB008類停® in more than 30 countries and/or regions, completed GMP inspections in three countries, and passed the GMP inspection certification in Brazil, a PIC/S member country.

We sell our products to (i) distributors that sell our products to hospitals and (ii) direct-to-patient pharmacies and others. We have established our network of distributors in accordance with the national drug sales regulations. Our distribution model is consistent with industry practice and serves to ensure efficient coverage of our sales network while controlling our cost of distribution and account receivables. We intend to select sales providers and distributors according to their qualification, reputation, market coverage and sale experience. Sales service providers are expected to have long-term experience in prescription drug sales and a proven track record, while a distributor must maintain its business license and other requisite licenses and permits. A distributor must also maintain extensive hospital coverage in the designated region. A distributor must be capable of delivering our products to covered hospitals in a safe and timely manner. We plan to actively monitor the inventory levels of our distributors to increase the efficiency of our distribution network.

Quality assurance

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

FUTURE AND OUTLOOK

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

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

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

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

Over the short-term, we intend to focus on market exploration and sales of CMAB008, CMAB007 and CMAB009, and completing clinical trials and the eventual commercialization of our current pipeline of other drug candidates, including, in particular, CMAB807 and CMAB015. To bring our products to market, we aim to reinforce our R&D teams, particularly the clinical medicine team, through the provision of regular professional training and pushing ahead with the clinical trials for product candidates. We are working with partners to build a sales team composed of professionals with extensive academic promotion experience and strong competence. Our goal is to generate stable revenue stream and profitability through cooperation with leading enterprises in China and cultivating our in-house sales team to enhance our commercialization capacity.

Continue to maintain investments in advanced technologies and product development

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

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

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

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

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

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the consolidated financial information for the year ended December 31, 2023 with comparative figures for the corresponding period in the previous year, which has been reviewed by the Audit Committee.

FINANCIAL REVIEW

The following table summarizes our results of operations for the year ended December 31, 2023 and 2022:

	For the year ended December 31,			
	2023	2022	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Revenue	**87,161**	55,918	31,243	55.9
Cost of sales	**(11,923)**	(15,375)	3,452	(22.5)
Gross profit	**75,238**	40,543	34,695	85.6
Other income	**3,572**	27,302	(23,730)	(86.9)
Other gains and losses	**(1,366)**	(4,682)	3,316	(70.8)
Selling and distribution expenses	**(48,925)**	(28,213)	(20,712)	73.4
Research and development expenses	**(123,211)**	(147,906)	24,695	(16.7)
Administrative expenses	**(104,659)**	(90,557)	(14,102)	15.6
Impairment losses on financial assets	**(427)**	(118)	(309)	261.9
Finance costs	**(9,578)**	(7,188)	(2,390)	33.2
Loss before tax	**(209,356)**	(210,819)	1,463	(0.7)
Income tax expense	**–**	–	–	–
Loss and total comprehensive expense for the year	**(209,356)**	(210,819)	1,463	(0.7)
Attributable to:				
Owners of the Company	**(209,356)**	(210,819)	1,463	(0.7)
	RMB	*RMB*	*RMB*	*(%)*
Loss per share attributable to ordinary equity holders of the Company				
– Basic and diluted	**(0.05)**	(0.05)	–	–

REVENUE

Revenue of the Group increased by 55.9% from RMB55.9 million for the year ended December 31, 2022 to RMB87.2 million for the year ended December 31, 2023, primarily because our revenue from the sale of pharmaceutical products increased significantly during the Reporting Period as compared with the previous year.

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

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue from the sale of pharmaceutical products	**69,923**	21,544
Revenue from the exclusive right for the commercialisation in Chinese Mainland	**16,601**	10,613
Revenue from the contract development and manufacturing agreements	**–**	23,761
Revenue from the rendering of contract services	**637**	–
Total	**87,161**	55,918

COST OF SALES

Cost of sales of the Group decreased by 22.5% from RMB15.4 million for the year ended December 31, 2022 to RMB11.9 million for the year ended December 31, 2023, primarily because no cost was incurred from contract development and manufacturing agreement during the Reporting Period.

OTHER INCOME

Other income of the Group decreased by 86.9% from RMB27.3 million for the year ended December 31, 2022 to RMB3.6 million for the year ended December 31, 2023, which was primarily due to the decrease in government grants and subsidies-related income during the Reporting Period as compared with the previous year. Set out below are the components of other income for the periods indicated:

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**151**	382
Government grants and subsidies related to income	**3,272**	26,920
Others	**149**	–
Total	**3,572**	27,302

OTHER GAINS AND LOSSES

Other losses of the Group decreased by 70.8% from RMB4.7 million losses for the year ended December 31, 2022 to RMB1.4 million losses for the year ended December 31, 2023, which was primarily due to the significant decrease in foreign exchange losses during the Reporting Period as compared with the previous year. Set out below are the components of other gains and losses for the periods indicated:

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange losses	**(1,367)**	(4,000)
Fair Value gains on financial assets at fair value through profit or loss	**342**	44
Gains on disposal of property, plant and equipment	**–**	33
Gain on termination of a lease contract	**–**	240
Others	**(341)**	(999)
Total	**(1,366)**	(4,682)

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of pipeline products of the Group decreased by 16.7% from RMB147.9 million for the year ended December 31, 2022 to RMB123.2 million for the year ended December 31, 2023, mainly due to that our core products have completed clinical trials.

The Group's research and development expenses mainly include contracting costs, raw materials and consumables, staff costs, depreciation and others. Set out below are the components of research and development expenses for the periods indicated:

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Contracting costs	**45,098**	57,872
Raw materials and consumables	**15,682**	18,966
Staff costs	**40,201**	43,054
Depreciation	**12,924**	17,602
Others	**9,306**	10,412
Total	**123,211**	147,906

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group increased by 15.6% from RMB90.6 million for the year ended December 31, 2022 to RMB104.7 million for the year ended December 31, 2023, mainly due to the increase in depreciation as a result of the increase in property, plant and equipment which have not been put into production or research and development use during the Reporting Period.

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

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

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Staff costs	**44,816**	42,552
Depreciation	**38,825**	26,036
Others	**21,018**	21,969
Total	**104,659**	90,557

FINANCE COSTS

Finance costs of the Group increased by 33.2% from RMB7.2 million for the year ended December 31, 2022 to RMB9.6 million for the year ended December 31, 2023, which was primarily due to the new bank borrowings and other borrowings during the Reporting Period.

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

The following table sets out the components of finance costs for the periods indicated:

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Interest on loans from a related party	**1,384**	527
Interest on bank and other borrowings	**5,642**	3,937
Interest on lease liabilities	**2,552**	2,724
Total	**9,578**	7,188

LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balances increased by 416.4% from RMB33.6 million as at December 31, 2022 to RMB173.3 million as at December 31, 2023, because we received the upfront fee and milestone payment for the license agreements of CMAB007 and CMAB009.

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

	As at December 31,		
	2023	2022	Change
	RMB'000	*RMB'000*	*(%)*
Current Assets			
Trade receivables	**19,423**	9,532	103.8
Prepayments and other receivables	**39,084**	41,733	(6.3)
Amounts due from a related party	**398**	446	(10.8)
Inventories	**102,037**	100,797	1.2
Contract costs	**7,508**	–	–
Financial assets at fair value through profit or loss	**–**	15,044	(100.0)
Rental deposit to a related party	**411**	–	–
Cash and bank balances	**173,345**	33,568	416.4
Total	**342,206**	201,120	70.2

INDEBTEDNESS

As at December 31, 2023, we had lease liabilities of RMB50.3 million, interest-bearing bank and other borrowings of RMB209.7 million and loans from a related party of RMB22.5 million. As at the same date, none of our existing indebtedness included any material covenants or covenants that could potentially limit our ability to incur new indebtedness.

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Lease liabilities	**50,344**	41,629
Interest-bearing bank and other borrowings	**209,729**	84,708
Loans from Biomabs	**22,500**	45,000

As at December 31, 2023, we, as a lessee, had outstanding lease liabilities for the remaining terms of relevant lease agreements (excluding our contingent rental agreements) in an aggregate amount of RMB50.3 million.

CONTINGENT LIABILITIES, CHARGE OF ASSETS AND GUARANTEES

As at December 31, 2023, the 100,746-square-meter land located at No. 288 Xiangtai Road of the Taizhou Hi-tech Zone with a carrying amount of RMB34.3 million and several production and office buildings with a total floor area of 50,835 square meters located in the same address above and with a carrying amount of RMB102.5 million were pledged to Bank of Communications Co., Ltd. Taizhou Branch as security for the bank loans of the Group amounting to RMB49.0 million as at December 31, 2023. In addition, our equipments with a carrying amount of RMB200.2 million were pledged to an independent third-party customer to secure the Group's entrusted loan of RMB100.0 million as at December 31, 2023.

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

CAPITAL STRUCTURE

There were no changes in the capital structure of the Group during the Reporting Period. The share capital of the Group only comprises ordinary shares. As at December 31, 2023, the total issued share capital of the Company was US$412,408 divided into 4,124,080,000 shares.

The capital structure of the Group was 80.2% debt and 19.8% equity as at December 31, 2023, compared with 56.3% debt and 43.7% equity as at December 31, 2022.

FOREIGN EXCHANGE

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

GEARING RATIO

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2023, the gearing ratio of the Group was 80.2% (as at December 31, 2022: 56.3%).

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

	At December 31,	
	2023	2022
Current ratio[(1)]	**1.1**	1.1
Quick ratio[(2)]	**0.8**	0.5

Notes:

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

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

As at December 31, 2022 and December 31, 2023, our current ratio was 1.1, and our quick ratio increased from 0.5 as at December 31, 2022 to 0.8 as at December 31, 2023, primarily due to the significant increase in cash and bank balance and trade receivables during the Reporting Period as compared with the previous year.

Environmental, Social and Governance Report

ABOUT THE REPORT

This is the fifth Environmental, Social and Governance Report (the "**Report**" or "**ESG Report**") released by Mabpharm Limited ("**Mabpharm**", "**we/us**" or the "**Company**"), which is designated to give an objective and true view of the Company's strategies, policies, measures and achievements in terms of sustainable development, and focuses on the disclosure of the Company's information in environmental, social and governance ("**ESG**") aspects.

Basis of Preparation

The Report has been prepared pursuant to the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") as set out in Appendix C2 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reporting Cycle

From January 1, 2023 to December 31, 2023 (the "**Reporting Period**", "**2003**" or the "**Year**"), certain information may relate to periods beyond the Reporting Period.

Reporting Scope

The reporting scope of the Report covers Mabpharm Limited (02181.HK) and its subsidiaries, which is in line with the 2023 annual report of the Company.

Source of Information and Guarantee for Reliability

Save as otherwise indicated, data contained herein are derived from the internal information, investigation and interview records and relevant documents of the Company. The Board of the Company undertakes that the Report does not contain any false information or misleading statement, and is responsible for its truthfulness, accuracy and completeness.

Confirmation and Approval

The Report has been approved by the Board on March 26, 2024 upon confirmation by the management.

Availability

The Report is incorporated in the 2023 annual report of the Company. Out of concern for environmental protection, we recommend you to read the electronic version is available on the website of the Stock Exchange (www.hkexnews.hk) and the official website of the Company (www.mabpharm.cn).

1. ESG GOVERNANCE

A robust ESG governance system is an important foundation for a company to achieve sustainable and stable development. Driven by the mission of "innovation, quality, and excellence", Mabpharm actively fulfills its social responsibilities and fully integrates ESG principles into its operations, and continuously enhances its ESG governance standards. At the same time, we actively communicate with stakeholders and listen to their opinions and expectations regarding Mabpharm to provide strong support for achieving sustainable corporate development.

1.1 ESG Management System

Mabpharm has established a well-defined and coordinated ESG management framework to help the Company implement various ESG initiatives in an orderly and standardized manner, thereby enhancing ESG performance. The Board of Directors serves as the highest authority and regulatory body for ESG governance within the Company, and is responsible for overall coordination of ESG matters. The Audit Committee is responsible for the day-to-day management of all ESG affairs and reports to the Board of Directors. The ESG Working Group, composed of key functional departments within the Company, operates under the leadership of the Audit Committee and implements ESG initiatives comprehensively in accordance with the ESG Working Group Management System (《ESG工作小組管理制度》).

ESG management structure and functions

Board Statement

Board responsibilities	The Board of Directors of Mabpharm acts as the highest responsible organization for the management and public disclosure of the Company's ESG issues, and is ultimately responsible for the Company's ESG strategies, ESG policies, ESG risks, establishment of relevant goals and ESG performance.
Implementation of ESG matters	In order to better supervise ESG issues, the Audit Committee under the Board of Directors, as the supervisory body of ESG issues, is responsible for identifying and evaluating specific ESG risks and opportunities, supervising the implementation and performance of ESG tasks in routine business operations, and regularly reporting to the Board of Directors.
Analysis of material issues	The Board of Directors participates in the determination of the materiality and priority of ESG issues each year, regularly reviews and manages ESG risks, and conducts materiality analysis of the identified risks based on their importance to stakeholders. Meanwhile, it raises suggestions and opinions on ESG issues that may affect the Company's long-term sustainable development. In addition, the Board of Directors regularly reviews the ESG-related policies, management, performance and progress towards goals, and discusses whether it is necessary to increase, decrease or modify key ESG issues to ensure the sustainability of the Company.
ESG risk control	The Board of Directors closely monitors ESG-related risks and opportunities, makes decisions regarding ESG risks and their materiality in the Company's daily operations, and formulates risk response strategies in order to promptly and effectively address ESG risks and mitigate the negative impacts they may have on the Company.

1.2 Stakeholder Communication

Mabpharm values building a constructive relationship with stakeholders and continuously improves regular communication mechanisms. We have established diversified communication channels to understand the demands and concerns of various stakeholders, providing references and basis for the orderly implementation of ESG initiatives of the Company.

During the Reporting Period, the Company's major stakeholders include shareholders and investors, government and regulatory authorities, clients, suppliers, cooperative partners, and employees. We have summarized and responded to their expectations and demands as follows:

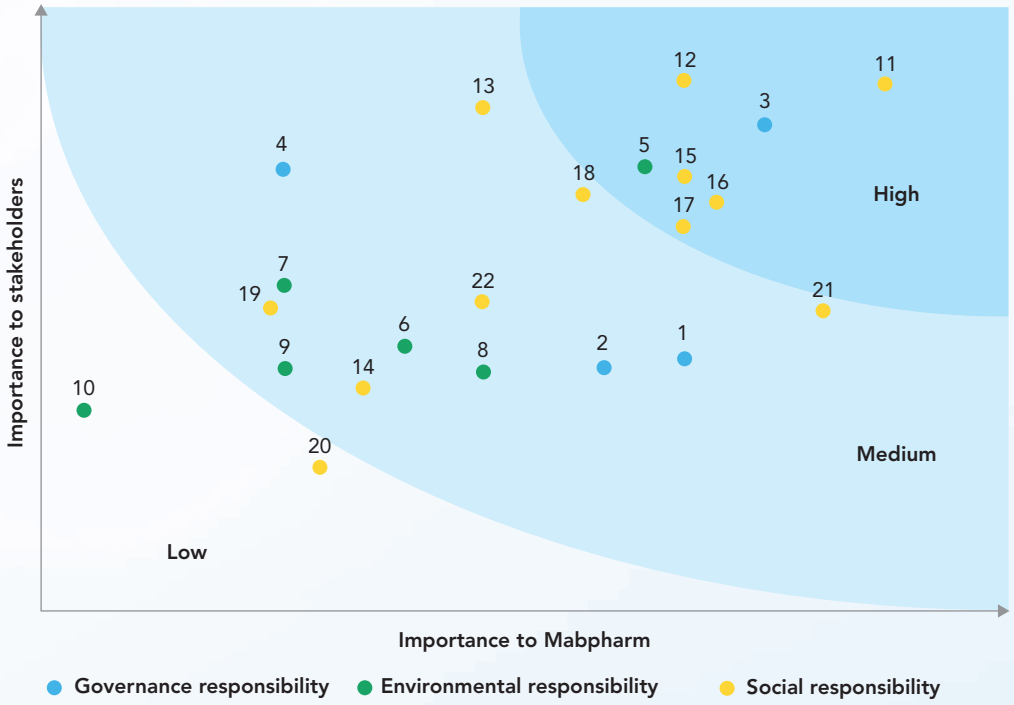
	Stakeholders	Major issues of concern	Communication method
	Shareholders/ investors	ESG governance Risk management R&D innovation Product quality and safety Business ethics and anti-corruption	Information disclosure General meetings Performance conference Company Announcements Investor survey
	Government/ regulatory authorities	ESG governance Risk management Business ethics and anti-corruption Product quality and safety R&D innovation Environmental management Response to climate change	Regular communication News media Exchange and cooperation

	Stakeholders	Major issues of concern	Communication method
	Clients	Inclusive healthcare Responsible Marketing Business ethics and anti-corruption Data security and privacy protection	Customer complaint handling Customer satisfaction survey Pharmacovigilance hotline
	Suppliers	Industrial Communication and Cooperation	Industry associations Industry exchange and cooperation Industry-university-research cooperation
	Cooperative partners	Supply chain management Business ethics and anti-corruption	Supplier conference Supplier communication Supplier training Supplier audit
	Employees	Employee health and safety Employee rights and interests Employee development	Employee activities Employee satisfaction survey Employee interviews Anonymous e-mail

1.3 Analysis of Issues of Materiality

To clarify the focus of ESG management work and enhance the relevance and effectiveness of the ESG strategies, Mabpharm reviews and updates material ESG issues based on the Company's actual business operations. We have assessed and selected 22 material ESG issues, ranked them based on their importance to both the Company and stakeholders, and drew up a materiality matrix of Mabpharm in 2023.

Mabpharm's Matrix of Material Issues



No.	Issues of Materiality[1]	No.	Issues of Materiality[1]
	Governance responsibilities		Social responsibilities
1.	ESG management system	11.	**Product quality and safety**
2.	Risk management	12.	**Technology and innovation**
3.	**Business ethics and anti-corruption**	13.	Intellectual property rights
4.	Supply chain management	14.	Responsible marketing
		15.	**Privacy protection**
	Environmental responsibilities	16.	**Employee health and safety**
5.	**Environmental management and compliance**	17.	**Employee rights and interests**
6.	Energy consumption	18.	Employee promotion and training
7.	Water resources management	19.	Community contribution
8.	Emissions management	20.	Charitable undertakings
9.	Packaging materials	21.	Drug availability
10.	Climate change response and adaptation	22.	Industry cooperation

2. EXCELLENT GOVERNANCE

Mabpharm is committed to building a robust corporate governance structure and management system and continuously strengthening internal risk control and integrity management. We are dedicated to maintaining a high standard of corporate governance, providing support for the Company's sustainable, stable, and healthy development.

2.1 Corporate Governance

Mabpharm adheres to relevant laws, regulations and regulatory requirements, such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Listing Rules of the Stock Exchange*, and implements the "outside-in and top-down" management principles and guidelines to ensure the Company's commitment to high standards of compliance in all business activities.

[1] The bolded issues in the table represent the issues of high importance to Mabpharm in 2023.

2.2.1 Corporate Governance Structure

The Company has established an audit committee, a remuneration committee, and a nomination committee. Each level of governance operates in compliance with clear rights and responsibilities. The committees operate according to their respective terms of reference, ensuring standardized operations throughout the Company. Mabpharm is committed to continuously improving its governance model and enhancing the diversity and professionalism of governance, thereby further empowering the Company's development.

2.2.2 Board Diversity

Mabpharm's Board of Directors comprises members with diverse backgrounds, rich experience, and professional expertise. The Company conducts regular comprehensive assessments of the Board's composition through the appointment of the nomination committee, and is dedicated to promoting diversity in terms of gender, experience, and professional knowledge within the Board. As of the end of the Reporting Period, the Board consists of nine members, all of whom possess extensive experience in the biopharmaceutical industry or relevant professional qualifications in accountancy and laws, including one female director and several members with a strong academic background.

2.2 Compliance Operation

Mabpharm upholds integrity operation and remains committed to the business philosophy of "compliance of utmost importance". Focusing on the three aspects of risk management, anti-corruption and anti-fraud and responsible marketing, it promotes the benign, sustainable and healthy corporate development. The Company integrates business ethics and legal compliance into the whole process of its operation and management, constantly improves the internal control and internal audit structure and mechanism with the support of internal risk management control, actively identifies, prevents and manages potential risks, and enhances corporate compliance and transparency. We also implement the anti-corruption system to build a corporate culture of integrity and honesty.

2.2.1 Risk Management

Mabpharm adopts a comprehensive risk management strategy, formulates and implements policies and systems related to risk management, and establishes a three-level risk governance structure with well-defined power and responsibilities to actively identify, assess, monitor and address various risks that may arise during the Company's operation.

Risk governance structure

The Company has formulated and strictly enforces the Internal Control System (《內控制度》). The Audit Committee is responsible for supervising and guiding relevant departments to ensure proper implementation. Regular internal audits are conducted to promptly detect and monitor potential risks, ensuring that any abnormalities are promptly rectified. Members of the Audit Committee stay tuned with the updates of relevant laws, regulations and policies, and timely evaluate the rationality and feasibility of the existing governance structure and system. Meanwhile, members of the Board of Directors and the Audit Committee will regularly conduct internal review of the Company's system, and constantly improve and revise the existing governance approaches and management systems based on the evaluation results, so as to promote the self-driven optimization of the internal governance methods.

2.2.2 Anti-corruption

The Company strictly abides by relevant state laws and regulations, including the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), formulates and implements internal systems such as Anti-Fraud Management System (《反舞弊管理制度》) to restrict all kinds of fraud and corruption and establish a sound atmosphere of integrity, diligence and dedication. We have detailed the provisions related to honest practices in the Employee Manual (《員工手冊》) to regulate employees' integrity and self-discipline. The Company continuously identifies and evaluates the aspects prone to fraud in production and operation through the Internal Audit and Internal Control Department.

We have established a transparent, effective and accessible whistleblowing channel, regularly distribute internal corruption investigation questionnaires, and collect feedback anonymously by department. We encourage employees of the Group and the general public to promptly report any cases of corruption they discover or potential leads. The Internal Audit and Internal Control Department handles the collected reports and complaints appropriately, and after the completion of the process, the results are made public. We promise to take strict confidentiality and protection measures for the personal information and materials provided by the whistleblowers, establish a whistleblower protection mechanism to prevent any retaliation, discrimination, or infringement against the whistleblowers, and effectively safeguard the information security of the whistleblowers.

Regarding suppliers and other partners, we enforce clear anti-corruption commitment clauses that require both parties to strictly adhere to the requirements of laws and regulations and business ethics, and explicitly prohibit any form of bribery and improper exchange of benefits.

In addition, we attach great importance to the construction of a corporate culture that upholds integrity and honest practices. Every year, we conduct internal communication and promotion on anti-corruption, anti-unfair competition, and other business ethics matters. During the Reporting Period, the Company organized training on anti-corruption that covered all directors, senior management and employees by means of publishing anti-corruption training materials on internal platforms. During the Reporting Period, the Company was not involved in any litigation or cases related to corruption or unfair competition.

2.2.3 Responsible Marketing

The Company strictly abides by relevant national laws and regulations such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Regulations on the Administration of Drug Instructions and Labels (《藥品説明書和標籤管理規定》), and Measures for the Administration of Drug Packaging (《藥品包裝管理辦法》) to regulate promotional and sales activities in daily operations with a commitment to high standards and strict requirements. Through a well-established management mechanism, the Company ensures that all marketing contents and forms meet compliance requirements, prevents exaggerated or false activities, and guarantees that customers and patients are presented with true and reliable product information in external publicity activities.

In our collaborative efforts with external partners for publicity activities, we implement stringent measures such as revising cooperation terms and conducting thorough audits of marketing materials, maintain regular communication with our partners and confirm the implementation of marketing activities to ensure marketing compliance and maintain our corporate image.

To further promote a sense of responsible marketing, the Company provides regular training to employees, focusing on the identification and management of potential risks in marketing activities. Through a regular assessment mechanism, we ensure that employees can apply their knowledge to practical situations and fulfill their responsibilities to all stakeholders.

During the Reporting Period, the Company did not record any administrative punishment or litigation cases due to marketing violations.

3 PRODUCT RESPONSIBILITY

Mabpharm considers R&D innovation as the cornerstone of the Company's sustainable development. We are committed to bringing high-quality and affordable innovative biopharmaceuticals to the market through an efficient research and development system and low-cost drug manufacturing capabilities, contributing to the health and well-being of more patients. We focus on pharmaceutical innovation, actively promote product research and development, enhance intellectual property protection, and strictly control product quality and safety, aiming to provide patients and customers with high-quality products and services.

3.1 Product Innovation

Mabpharm prioritizes the development of high-quality innovative drugs, and places a strong emphasis on enhancing its independent research and development capabilities. As a result, the Company has successfully established an extensive product pipeline. By consistently promoting the launch of high-quality biopharmaceutical products in domestic and international markets, Mabpharm aims to provide more cost-effective medication options to patients worldwide.

3.1.1 R&D Innovation System

R&D management

High-quality R&D innovation is the foundation for maintaining core competitiveness. Mabpharm has established a sound R&D innovation system and built a highly skilled research and development team, providing support for the Company's ability to drive innovation and maintain strong research and development capabilities.

Our research and development activities are conducted by three core teams, namely basic research, clinical trials, and GMP[2] – compliant product preparation. The core members of Mabpharm's research and development team possess extensive experience in biopharmaceutical research and development, gained from working in reputable global pharmaceutical companies. Additionally, other team members have solid academic backgrounds, laying a solid professional foundation for core competitiveness of product research and development. Furthermore, the Company is committed to increasing investment in research and development, providing ample and stable support for product research and development.

The Company continues to advance its digital transformation, empowering R&D innovation management. In 2023, the Laboratory Information Management System (LIMS[3]) was fully in operation. By integrating the Environmental Monitoring System (EMS[4]), the Building Management System (BMS[5]), and other computerized systems, the Company has achieved digital management and monitoring of production and quality inspection processes, which significantly improved the efficiency and quality of R&D innovation management.

As of the end of the Reporting Period, the Company had 250 R&D personnel (including our management), of whom 173 hold a bachelor's degree or above, R&D personnel accounted for 72% of the total employees of the Company, and total R&D investment amounted to RMB123,211,000.

Product pipeline

Mabpharm specializes in the development and production of new drugs and biosimilars for the treatment of cancer and autoimmune diseases. Currently, we have established a rich product pipeline, including a variety of monoclonal antibody drugs and strong antibody drugs. In particular, our core products CMAB008 (infliximab for injection) and CMAB007 (omalizumab α for injection) have obtained approval for marketing, the new drug marketing application of CMAB009 has been submitted, and several candidate drugs are in the clinical/ pre-clinical research stage.

2 Good Manufacturing Practice of Medical Product
3 Laboratory Information Management System
4 Environmental Monitoring System
5 Building Management System

Core products
CMAB008 (infliximab for injection, 類停®) • Indication: rheumatoid arthritis, Crohn's disease in adults and pediatric patients aged 6 or above, fistula Crohn's disease, ankylosing spondylitis, psoriasis and ulcerative colitis in adults • Marketing: Approved for marketing by the NMPA in July 2021 (Approval No.: Guo Yao Zhun Zi S20210025). As of the end of the Reporting Period, CMAB008 has been marketed on the procurement platform across all the provinces within China, and extended presence to over 1,000 hospitals (of all levels), primary medical institutions and pharmacies. The Company also cooperates with partners to rapidly expand to overseas market and has launched registration and market exploration in more than 30 countries and/or regions
CMAB007 (omalizumab α for injection, 奧邁舒®) • Indication: patients diagnosed with IgE mediated asthma • Marketing: Approved for marketing by the NMPA in May 2023 (Approval No: Guo Yao Zhun Zi S20230030 (for specification of 75 mg/vial) and Guo Yao Zhun Zi S20230031 (for specification of 150 mg/vial)). In August 2023, CMAB007 was approved to launch clinical trials targeting chronic spontaneous urticaria in adults and adolescents (aged 12 and above) who still show symptoms after treatment with H1 antihistamines
CMAB009 • Indication: metastatic colorectal cancer • Marketing: The drug marketing application for CMAB009 was accepted by the NMPA in March 2023, and we have submitted the supplemental information as required by the NMPA, and expect that CMAB009 will be approved for marketing in the second quarter of 2024.

Product candidates	
CMAB015 (secukinumab) It has significant efficacy advantages in psoriasis and other autoimmune diseases, and has become one of the biologics for treatment of psoriasis with the most rapid growth in application in China. We have completed the phase I clinical trial for CMAB015 and are initiating the phase III clinical trial.	**CMAB807 (denosumab)** We have completed the phase III clinical trials for osteoporosis, and are preparing application materials for NDA. We have also developed a dosage form of CMAB807, i.e. CMAB807 X (denosumab), for the treatment of tumor bone metastasis and conducted pre-clinical study, and obtained the Clinical Trial Approval Notice.
CMAB819 (nivolumab) It is our biosimilar drug candidate currently undergoing phase I clinical trial. CMAB819 has been approved by the NMPA for clinical trial. The phase I clinical trials are in process. CMAB819 is indicated for the treatment of metastatic non-small cell lung cancer, hepatocellular carcinoma and head and neck squamous cell carcinomas.	**CMAB017 (anti-EGFR probody)** It is an innovative probody drug. It has been approved by the NMPA for clinical trials for the treatment of advanced solid tumors, including but not limited to colorectal cancer, head and neck squamous cell carcinomas and esophageal squamous cell carcinoma. CMAB017 has better efficacy and safety than anti-EGFR probody products available on the market.

Product candidates	
CMAB023 It is an anti-TSLP IgG2-lambda monoclonal antibody, and a biosimilar drug candidate for TEZSPIRE (Tezepelumab). It has completed cell line construction and is under process development. As a broad-spectrum anti-allergic antibody drug, it covers broader scope of allergic patients, offers a better curative effect, and contributes significantly to mitigating the condition aggravation among patients with severe asthma.	**CMAB022** It is a candidate biosimilar product of stelara® (ustekinumab). It has completed engineering cell construction, screening and laboratory scale process studies, and is undergoing pilot process scale-up. The drug can be used for treatment of psoriasis, psoriatic arthritis, Crohn's disease and ulcerative colitis.
CMAB016 It is a candidate biosimilar product of dupilumab and a monoclonal antibody of the human immunoglobulin G4 (IgG4) subtype, which is in the phase of preclinical studies. CMAB016 targets and binds to the alpha subunit of the interleukin 4 (IL-4) receptor, blocking the signaling pathway of IL-4 and interleukin 13 (IL-13), and can be used for the treatment of atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis and prurigo nodularis. It has completed engineering cell construction, screening and laboratory scale process studies.	

R&D process innovation

As the Company develops innovative biopharmaceutical products, it upholds the principle of "striving for excellence". Leveraging advanced technology and intelligent platforms, the Company continuously promotes process innovation and testing technology innovation. With a commitment to maintaining quality standards, the Company aims to enhance the efficiency of product research and development and production.

R&D process innovation	Analysis technology innovation
• Construction of a high-density fermentation technology platform: Process optimization is conducted for both upstream and downstream processes of CMAB007 (omalizumab α for injection), significantly improving product expression and quality • Two-step chromatography process innovation: Innovative purification processes are implemented for antibody products, optimizing the traditional three-step chromatography method into a two-step chromatography process. This improvement ensures product quality while effectively reducing production time, minimizing material costs, and enhancing production efficiency	• Successful development of a rapid oligosaccharide detection method, significantly reducing the detection cycle and improving efficiency • Successful development of a high-resistant neutralizing antibody detection method, providing technical reserves for clinical bioanalysis. • Successful development of a restricted enzyme cleavage peptide mapping method, which can be used for post-translational modification analysis of GLP[6] fusion proteins, providing technical reserve for fusion protein analysis • Successful development of mass spectrum-based multi-attribute method, which can be applied to the quality analysis and characterization of antibody-based drugs to improve testing efficiency

[6] glucagon-like peptide

R&D training

A highly skilled R&D team is the source of innovation, and the Company places emphasis on cultivating the professional skills and expertise of the R&D team to maintain its core research and development capabilities. We have established a comprehensive training system and framework tailored to the needs of the R&D team, providing customized training plans on an annual basis. All on-duty personnel in the R&D team receive training at least once a month, covering topics such as industry laws and regulations, operational techniques, personal safety, and occupational health, thereby continuously enhancing the professional skills and operational standards of the R&D staff in their daily work. For new employees, in addition to basic induction training, we also provide targeted on-the-job training to help them understand and become familiar with their responsibilities and work processes. We also require them to complete quality document system training and assessment before assuming their positions.

3.1.2 Intellectual Property Rights Protection

As a pharmaceutical research and manufacturing company, intellectual property rights protection is of paramount importance for the Company's development. We strictly abide by the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and other laws and regulations, rigorously implement the Company's intellectual property management system to ensure that the conversion of innovative achievements, including technology development, technology transfer, technology consultation, and technology services, is well-founded. We have clearly defined procedures for handling intellectual property disputes and assigned responsibilities to relevant departments, promoting standardized intellectual property management practices.

The Company is dedicated to fostering a strong culture of intellectual property rights protection, enhancing employees' awareness of intellectual property rights protection, and safeguarding our competitive advantage in innovation. During the Reporting Period, the Intellectual Property Department of the Company conducted systematic training on patent mining for R&D personnel, and encouraged employees to proactively explore innovation opportunities. We also conducted retrieval trainings for R&D personnel through the online training courses on PatSnap, urging them to independently conduct intellectual property retrieval investigations and constantly prevent the risk of patent infringement.

We also maintain a cautious attitude towards intellectual property risks related to suppliers. During the supplier qualification review process, the Company's Intellectual Property Department actively assists in retrieving information on suppliers' patents to ensure that the products or services provided by suppliers do not infringe upon any third-party intellectual property rights or legitimate rights and interests.

To drive innovation among R&D personnel, we have established an employee R&D innovation incentive program to encourage employees to actively apply for patents. We provide different levels of rewards to individuals who apply for and develop patents based on their importance and value contribution.

During the Reporting Period, Mabpharm did not have any incidents of intellectual property rights infringement, and the information on patents, copyrights and trademarks applied for and granted is as follows:

Patent applications filed during the Reporting Period	12
Patents granted during the Reporting Period	4
Total number of patents granted	28
Total copyrights granted	2
Total trademarks granted	111

3.2 Quality Management

The quality of drugs is not only crucial to the lives and health of patients but also the key to maintaining a good reputation for the Company. Mabpharm regards quality as the cornerstone and adheres to the quality policy of "leading through quality, winning with technology, continuous improvement, and pursuing excellence". We implement the responsibility for product quality management in all stages of the product life cycle, prioritize the rights and safety of clinical trial subjects and are dedicated to providing high-quality products and services to patients and customers.

3.2.1 Product Quality and Safety

Mabpharm places great importance on drug safety and quality management. We have established a comprehensive quality management system that covers the entire product lifecycle, continuously improve our quality system, enhance measures to ensure product safety, strengthen post-market quality monitoring, and optimize customer service in order to safeguard the health and safety of patients through stringent quality control.

Quality management system

Mabpharm acts in strict accordance with the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法實施條例》), the Quality Management Standard for Drug Clinical Trials (《藥物臨床試驗質量管理規範》), the Good Manufacture Practice (revised in 2010) (《藥品生產質量管理規範(2010年修訂)》), the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), the Quality Management Standard for Non-clinical Research of Drugs (《藥品非臨床研究質量管理規範》) and other laws and regulations to comprehensively strengthen drug quality management.

The Company actively benchmarks against international advanced standards. Based on regulations and guidelines such as EMA[7], PIC/S[8], EP[9] and USP[10], and with reference to technical reports published by reputable organizations and associations such as WHO[11], PDA[12] and ISPE[13], we analyze the gap between the Company and various regulatory systems and pharmacopoeial standards, implement CAPA[14] measures in stages, make improvements to the shortcomings in the Company's existing drug quality management, and comprehensively enhance the standard of our drug quality management system.

7 European Medicines Agency
8 Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme
9 European Pharmacopoeia
10 United States Pharmacopoeia
11 World Health Organization
12 Parenteral Drug Association
13 International Society for Pharmaceutical Engineering
14 Corrective Action and Prevention Action

Quality Management System Gap Analysis and CAPA

In 2023, Mabpharm organized GMP-related personnel to conduct a comparative and gap analysis of the new annex of Manufacture of Sterile Medicinal Products issued by the European Union, and developed CAPA measures to improve the identified gaps, including equipment modifications and management document revisions. Meanwhile, the Company provided training to all employees to ensure their understanding of the relevant requirements in the annex of Manufacture of Sterile Medicinal Products of the European Union and enhance the standard of sterile production for our products. In response to the CCS[15] requirements in the annex, we conducted multiple rounds of learning and discussions, engaged third-party experts for special consultation, and developed a compliant CCS report, ensuring that our products fully meet the requirements of the annex of Manufacture of Sterile Medicinal Products of the European Union.

To ensure the effectiveness of our quality management system, the Company actively conducts audits of the quality management system. During the Reporting Period, Mabpharm has successfully passed two foreign GMP certification inspections and conducted one third-party audit. Both the certification inspections and the third-party audit were carried out in accordance with the regulatory requirements of EMA and PIC/S, indicating that our quality management system meets the requirements of NMPA, EMA, and PIC/S.

15 Contamination Control Strategy

In addition, the Company has established a drug lifecycle management system that covers clinical research, production, products and materials to ensure controlled quality and safety throughout the entire product lifecycle. At the clinical research stage, the Company implements quality management based on the risks associated with clinical trials, ensuring that each stage of the clinical trial complies with relevant regulations. At the production stage, the Company strictly adheres to GMP requirements to maintain full control over production quality. For products and materials, the Company conducts testing on materials and products in accordance with relevant standards and tightly manages the materials supply chain to ensure the stability of product and material quality.

Clinical research quality management

- Implement full-process quality management for the design, implementation, recording, evaluation, results reporting and filing of clinical trials
- Appoint monitoring officers who possess the necessary knowledge of clinical research, have received professional training, and are capable of effectively fulfilling monitoring responsibilities to conduct regular routine monitoring; and appoint independent auditors to perform audits and, if necessary, procure third-party audit services from external vendors
- Develop standard operating procedures and monitoring plans to ensure data integrity, enhance the ability to address various risks in clinical trials, and ensure compliance of critical data and processes
- Establish auditing procedures for the clinical research quality management system to ensure the implementation of auditing procedures in clinical trials

Production quality management

- Conduct comprehensive self-inspections of production management and quality management on a regular basis in accordance with GMP and relevant regulatory requirements. The inspections cover aspects such as facilities and personnel, premises and equipment, materials and products, product shipping and recalls, ensuring effective control of various risks during the drug production process
- Develop management review requirements based on EU GMP and ICH[16] guidelines and conduct regular reviews. Through reviewing and analyzing changes, deviations, OOS[17]/OOT[18] and CAPA, the Company comprehensively audits and evaluates the operation of its quality system
- Conduct regular product quality review analysis to promptly identify potential adverse trends and implement improvements and preventive measures when necessary
- QA[19] department conducts weekly inspection reports, and professional third-party agencies are engaged to conduct gap analysis audits of the Company's production quality system

Product/material quality management

- Establish sampling, quality testing, and evaluation and release procedures to conduct testing in accordance with nationally approved quality testing standards and methods. After confirmation by the QA department, products that meet the product quality standards and relevant requirements are released by designated personnel
- Conduct stability studies on products and retain samples of materials and products as required, and perform regular sample quality confirmations
- Establish entrusted inspection management regulations to comprehensively manage the entrusted inspection of materials and products
- Conduct audits of materials and their respective suppliers, achieving a coverage rate of 100%

16 The International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
17 Out of Specification
18 Out of Trend
19 Quality Assurance

Construction of quality culture

The Company attaches great importance to enhancing quality awareness and quality management capabilities. While consolidating quality management, we are committed to promoting a culture of quality and creating a favorable environment that values quality. We have established a comprehensive quality training system and developed targeted training programs for GMP-related personnel to ensure that all relevant individuals acquire the knowledge and operational skills required by GMP before assuming their positions, thereby ensuring the standardized implementation of GMP management. Additionally, through ongoing quality training, we further enhance the operational skills of employees and deepen their quality awareness.

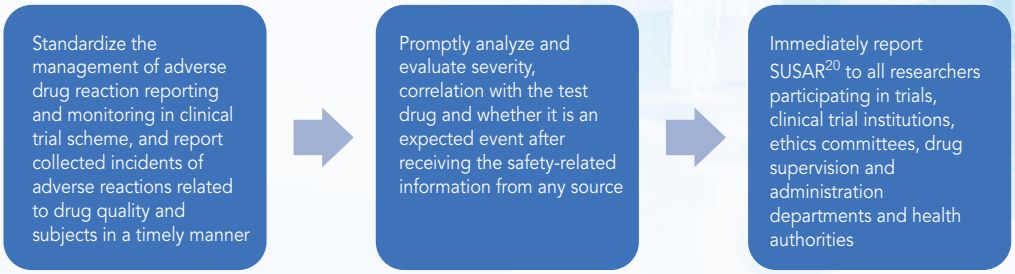
Induction trainings	On-the-job continuing education
• Induction trainings includes induction trainings for new employees, post transfer trainings, post return trainings and qualification trainings for special profession • All GMP-related staff shall take up their post after receiving trainings and passing the examination	• Carry out on-the-job continuing education for employees according to relevant training plans, which includes planned on-the-job continuing education, trainings before new quality management documents or changes take effect, external trainings, post-related new regulations and professional and technical trainings

Induction and on-the-job training for quality personnel

Product recall and adverse events

Mabpharm closely monitors the safety risks associated with drugs and continuously enhances its emergency response capabilities for drug safety incidents to ensure the health and safety of patients. The Company strictly abides by the Good Manufacture Practice (revised in 2010) (《藥品生產質量管理規範(2010年修訂)), Measures for the Supervision and Administration of Pharmaceutical Production (Decree No.28) (《藥品生產監督管理辦法(局令第28號)》), Quality Management Standards for Pharmacovigilance (No.65 in 2021) (《藥物警戒質量管理規範(2021年第65號)》), Guidelines for Composing Master Documents of Pharmacovigilance System (《藥物警戒體系主文件撰寫指南》) and other regulations, updates and improves the Standard Management Regulations for Pharmacovigilance (《藥物警戒標準管理規程》), the Standard Management Regulations for the Drug Safety Committee (《藥品安全委員會標準管理規程》), the Standard Management Regulations for the Organizational Structure, Functions and Responsibilities of the Department of Pharmacovigilance (《藥物警戒部組織結構、職能與各崗位職責標準管理規程》) and other series of standard operating procedures for pharmacovigilance to clearly define the functional structure and management regulations of pharmacovigilance and ensure the effective operation of the pharmacovigilance system. With regard to the adverse reaction reports of drugs marketed overseas, the Company has carried out the formulation of relevant systems and regulations in order to comprehensively control the safety of drugs marketed domestically and overseas.

We have set up a pharmacovigilance department to be responsible for the monitoring, collection, evaluation and reporting of adverse drug reactions. In order to ensure the safety of test subjects, we have added new channels for reporting adverse reactions, such as telephone and e-mail, and continue to update the adverse drug reaction reporting system and improve the adverse reaction reporting procedures to ensure that adverse drug reactions can be reported in a timely and uninterrupted manner to ensure the safety of patients.



Processing Flow of Adverse Product Reaction Report

In order to ensure that drug quality and safety emergencies are handled in a rapid, efficient and orderly manner, the Company formulated emergency plans for drug safety incidents, recall management procedures and product recall plans to enhance the emergency response capability for drug safety incidents and ensure standardized emergency response.

At clinical trial stage, the Clinical Department, Medical Department and Pharmacovigilance Department cooperated effectively and proactively communicated with the research unit. We improve the mechanism of early warning, disposal and aftermath, including the thorough notification of researchers and institutional ethics committees in research units, active treatment of subjects, and purchase of professional commercial insurance for clinical research to avoid and minimize the losses and negative effects caused by sudden safety accidents.

For marketed products, the Company has made detailed provisions on the handling of recalls at all levels, and regularly organizes recall drills and exercises to verify the effectiveness of the recall system, identify areas for improvement in a timely manner, and ensure that all relevant personnel are familiar with the procedures of the entire recall process. In addition, the Company has established a drug traceability system and management process to enable information-based traceability of drugs after release through the traceability code operating system and computer hardware system, so as to enhance product quality and safety assurance.

20 Suspected Unexpected Serious Adverse Reaction

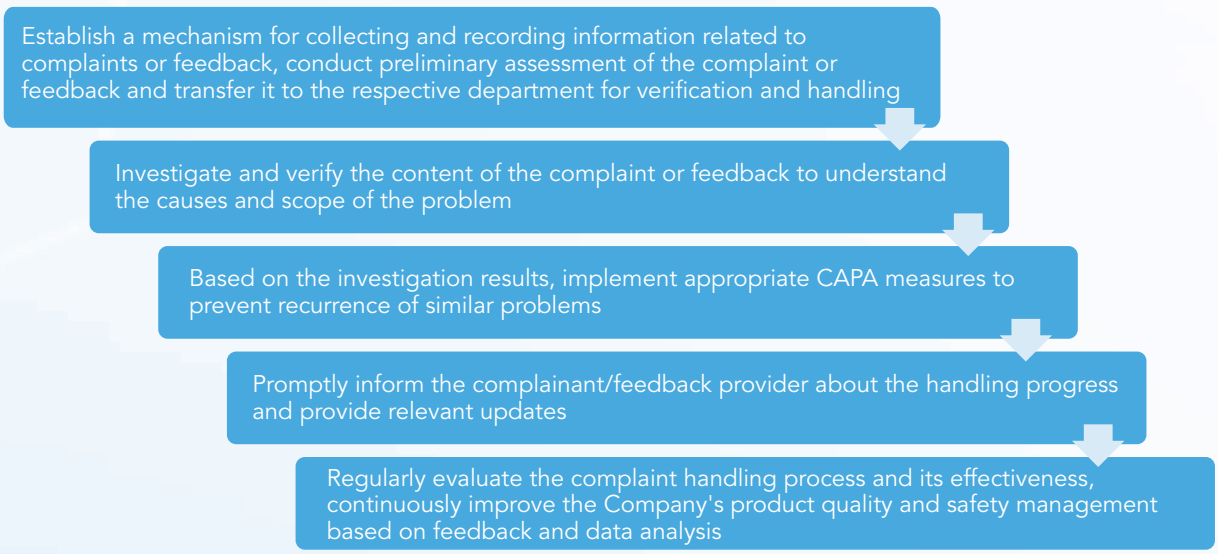
Test drug management	• The preparation of test drugs must comply with the relevant requirements of production quality management of drugs clinical trials. The packaging labels of test drugs must include the words "For Clinical Trial Use Only" as well as clinical trial information and drug details • Training is provided to all relevant personnel, including monitoring officers, researchers and pharmacists. The training covers topics such as the storage temperature, transportation conditions, storage time limits, preparation methods and processes of drug solutions, and device requirements for drug infusion and injection
SAE[21]/SUSAR management during clinical trials	• During clinical trials, actively collect SAE/SUSAR occurring in subjects, and promptly report them as required • Summarize and evaluate adverse medical events and take necessary measures to timely mitigate potential drug safety risks
General adverse drug reaction event management during clinical trials	• During clinical trials, collect, record, and evaluate the occurrence of general adverse reactions or events, investigate, analyze, and address adverse reactions/events that may be caused by test drug, perform risk assessments, identify potential risks, and implement appropriate control measures to minimize the occurrence of adverse reactions or events

Measures for management of adverse drug reactions during clinical trials

[21] Serious Adverse Event

Quality and safety complaints

To further improve the handling of product quality and safety complaints, improve customer satisfaction, and continuously improve product quality, Mabpharm has revised the Standard Operating Procedures for Product Complaint Handling during the Reporting Period. Such procedures further clarify the responsibilities of relevant departments in the process of handling product complaints, optimize the product complaint handling process, and include provisions for complaint handling timeframe and CAPA measures to ensure the effective resolution of complaints. During the Reporting Period, Mabpharm did not receive any complaints related to product quality and safety.



Product Quality and Safety Complaint Handling Process

Pharmacovigilance training

The Company continues to conduct pharmacovigilance training to enhance the capabilities of all relevant personnel in handling adverse reaction events, optimize service quality and ensure patient safety. In 2023, the Company conducted training for all staff under the theme of "Identification and Reporting of Adverse Drug Reactions/Events and Other Safety Information". The training covered topics such as adverse reaction reporting procedures, supervision of reporting channels, and effectiveness assessment, aiming to enhance employees' awareness of pharmacovigilance management, ensure the orderly conduct of pharmacovigilance work, and further improve the Company's pharmacovigilance management standard.

Internal training	Cross-departmental training	Training for all staff
Conduct job-specific continuing education and training for department employees on pharmacovigilance regulations and related technical guidelines, departmental management and operating procedures	Conduct training for clinical operations staff on basic knowledge and regulations of pharmacovigilance, SAE/SUSAR reporting process, pregnancy event management, and pharmacovigilance SOP[22] training; Organize regular cross-departmental meetings to share information, including summary analysis and reporting of safety information during drug clinical trials, identification, treatment and evaluation of drug-related liver damage in clinical trials, procedures for assessing safety information and risk management during drug clinical trials in the drug evaluation centers, introduction of the Standardised MedDRA[23] Queries and case studies, etc.	Conduct training on "Identification and Reporting of Adverse Drug Reactions/Events and Other Safety Information" for all staff in accordance with relevant regulations

In 2023, Mabpharm did not have non-compliance and penalties related to products and services, and received a total of 72 post-marketing suspected adverse drug reaction reports related to 類停® throughout the year, with no unexpected adverse reaction reports.

[22] Standard Operating Procedure
[23] Medical Dictionary for Regulatory Activities

3.2.2 Data Security and Privacy Protection

Safeguarding the rights and safety of subjects is an essential prerequisite for clinical trials. The Company strictly complies with relevant laws and regulations such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), develops and implements various standard operating procedures and Employee Manual (《員工手冊》) to effectively protect the legitimate rights and interests of subjects and guarantee the security of their personal information, ensuring that clinical trials are conducted in a legal and compliant manner.

We respect and protect the subjects' right to information and freedom of choice. All clinical research and related written materials are approved and endorsed by the ethics committee of the research unit to ensure that the informed consent form, the method and information used to recruit subjects, and other written materials provided to subjects are effective in protecting the privacy of the subjects. Subjects are provided with sufficient information to understand the trial plan and the potential risks and benefits of the trial. Subjects may refuse or withdraw from a clinical trial and must sign an informed consent form before participating in a clinical research.

Before conducting research, new employees are required to sign a confidentiality agreement after completing relevant training and passing an evaluation before they are allowed to start working. In addition, all departmental staff and external research partners involved in clinical research are required to sign a confidentiality agreement prior to the commencement of work to ensure the effectiveness and security of privacy protection. We provide regular privacy protection training for all employees to continuously strengthen their awareness of privacy protection.

To further prevent the harm and risks associated with potential breaches of privacy of the subjects, we have implemented comprehensive information security measures. Through data management, equipment management and various routine management measures, we minimize the risk of privacy breaches.

Information management	Equipment management	Routine management
• The information of clients and subjects is only available to certain personnel with authorization, and other personnel can only obtain relevant information after strict examination and approval by the superior • Strictly differentiate the members involved in different stages and responsibilities of drug clinical research and ensure that they are only allowed access to professional information at specific stages	• Install professional security software on all work computers and update regularly to prevent computer viruses and external malicious attacks, and employees can only use work computers to perform their routine tasks • Encrypt files on the working computers of key members, and relevant personnel can only obtain the declassified fi¬le after strict examination and approval by the superior	• In routine management meetings and regular training sessions, further emphasize the importance of data protection and document confidentiality, and raise employees' awareness of information security • Utilize subject identification codes to identify the clinical trial data of each subject and establish a monitoring plan to ensure the authenticity of the data, and strengthen the risk management of clinical research

In 2023, Mabpharm did not receive any complaints related to breaches of customer privacy.

4 WIN-WIN DEVELOPMENT

Mabpharm adheres to an open and collaborative mindset, and cooperates with partners from various sectors to create greater value for the industry and patients. We establish a responsible and resilient supply chain, work together with suppliers to fulfill our social responsibilities and promote the healthy development of the supply chain ecosystem. At the same time, the Company actively builds close partnerships with various stakeholders, fully leverages the strengths of each party to support the development and progress of the biopharmaceutical industry.

4.1 Responsible Supply Chain

Effective supply chain management is essential for maintaining business continuity and ensuring high-quality development for the Company. Mabpharm is committed to building a fair, equitable, and mutually beneficial cooperation platform. We continuously standardize procurement management, promote responsible sourcing, and establish a sustainable upstream and downstream supply chain.

4.1.1 Supplier Management

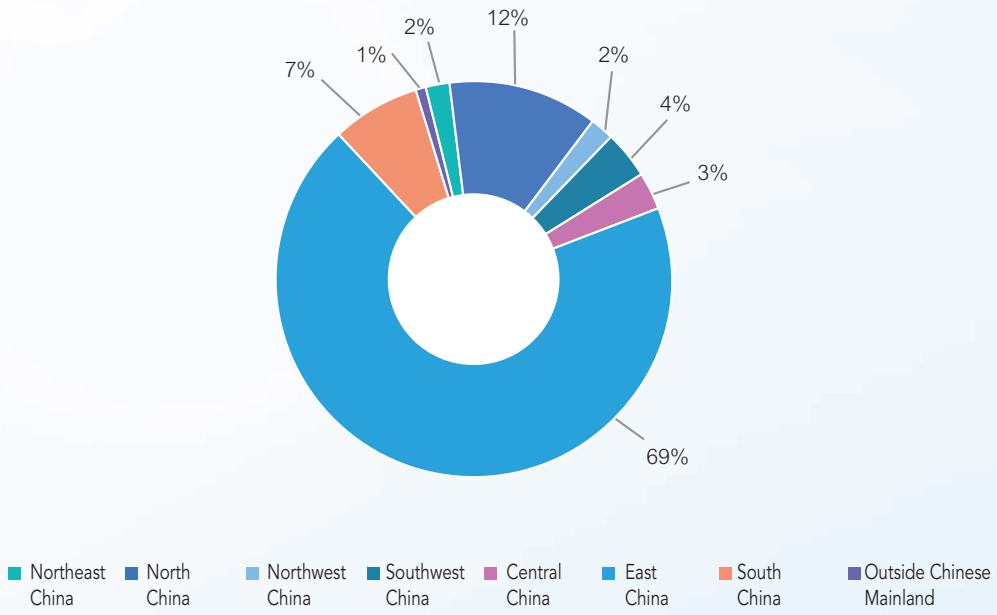
Mabpharm strictly adheres to the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and other relevant laws and regulations, and has established a comprehensive supplier management system. We implement systematic and standardized management processes for supplier admission, changes, cancellation, complaints and evaluation in accordance with internal management regulations such as the Standard Management Regulations for Suppliers (《供應商標準管理規程》).

The Company categorizes suppliers into raw and auxiliary materials and packaging materials suppliers, consumables suppliers, reagent suppliers and service suppliers based on the types of products, and formulates targeted management standards to improve the comprehensive management standard of the supply chain in an all-round and multi-dimensional way. In the admission stage, the Company formulates relevant management procedures based on the List of Qualified Suppliers and relevant evaluation standards and systems, taking into account GMP requirements, to ensure that the quality of materials provided by controlled material suppliers meets the Company's requirements. For non-controlled material suppliers, we consider their price, service, quality, labour management, business ethics and other factors, and refrain from establishing cooperative relationships with suppliers with poor credit, records of administrative penalties and management faults.

We set different audit requirements for different categories of suppliers to examine the quality of their products and services as well as their operational compliance. In 2023, the Company conducted audits on two suppliers in accordance with the annual audit plan. To address the deficiencies identified during the audits, we provided targeted communication, guidance and training, and required them to carry out corrective actions within a prescribed period and continued to follow up to ensure that the issues were resolved in a timely and effective manner.

The Company maintains open communication channels with suppliers. In our daily work, we communicate with suppliers through face-to-face interviews, WeChat, telephone calls and e-mail. In addition, the Company actively cooperates and exchanges with suppliers, and strives to work together to build a mutually beneficial and win-win cooperative relationship. During the Reporting Period, Mabpharm participated in the 14th China (Taizhou) International Pharmaceutical Expo and carried out technical exchanges with suppliers to jointly solve problems and challenges in cooperation.

As of December 31, 2023, we had a total of 756 suppliers, the majority of which are located in the East China region, and a breakdown of our suppliers by region[24] is as follows:



[24] A breakdown of suppliers by region:
North China: Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia
East China: Shanghai, Jiangsu, Zhejiang, Shandong and Anhui
Northeast China: Liaoning, Jilin and Heilongjiang
Central China: Hubei, Hunan, Henan and Jiangxi
South China: Guangdong, Guangxi, Hainan and Fujian
Southwest China: Sichuan, Chongqing, Guizhou, Yunnan and Tibet
Northwest China: Shaanxi, Gansu, Xinjiang, Qinghai and Ningxia
Outside Chinese Mainland : Hong Kong, Macao and Taiwan of China and overseas

4.1.2 Sustainable Procurement

While ensuring the quality of products and services of our suppliers, we continue to pay attention to the management standards of our suppliers in terms of environmental, social and corporate governance, and build a sustainable supplier cooperation environment.

We value the ethical standards of our suppliers and strictly prohibit any form of corruption, bribery, kickbacks or other corrupt practices. The Company continuously improves its internal procurement management system and procurement contracts, clearly defining compliance responsibilities for both internal staff and suppliers.

In terms of internal management, the Company implements hierarchical management of the procurement process based on the size of the procurement amount. For projects with a large procurement amount, we engage third-party tendering agencies to conduct open tendering and strictly control the tendering process to prevent potential conflicts of interest. In contract management, the Company includes anti-corruption and anti-bribery clauses in procurement contracts to ensure that all parties strictly comply with relevant anti-commercial bribery laws and regulations and uphold high standards of business ethics during the cooperation period, thereby further promoting the construction of a clean and transparent supply chain.

We provide ongoing business ethics training to our internal procurement staff, starting from ourselves, to strengthen their awareness of integrity and self-discipline and enhance the level of compliance within the supply chain. In cases where suppliers engage in actions that violate our business ethics standards, we take decisive action by terminating our partnership with them and take appropriate measures to investigate and penalize their misconduct.

Furthermore, we actively promote the development of a green supply chain to minimize the adverse environmental impact of the Company's operations. For key consumables suppliers, we prioritize local suppliers to ensure a stable supply of raw materials while reducing emissions associated with material transportation. Additionally, we give preference to environmentally friendly product packaging and production equipment, and continuously reduce pollution and emissions throughout the supply chain, aiming to drive the green and low-carbon development of the supply chain.

4.2 Industry Exchange and Cooperation

Mabpharm remains committed to the mission of "win-win cooperation" and actively participates in industry exchange activities to promote industry-university-research collaboration, thereby contributing to the development of the industry. In 2023, Mabpharm participated in various industry conferences and actively took on social development research projects. We also contributed to the development of educational materials, supporting the high-quality development of the biopharmaceutical industry.

Industry exchange and cooperation

[25] Bioprocess development

Furthermore, we actively promote industry-university-research collaboration, partner with universities to conduct research projects and drive the development of innovative drugs and talent cultivation. During the Reporting Period, Mabpharm collaborated with the School of Pharmaceutical Science of Liaocheng University in Shandong to undertake research projects. We participated in early-stage drug development, drug efficacy evaluation, development of testing methods, process development and other aspects. By leveraging the research talent advantages of the university and the R&D capabilities of the Company, we aim to enhance the conversion rate and practicality of research outcomes.

5 GREEN ENVIRONMENT

Mabpharm actively responds to the national strategy of "carbon peaking and carbon neutrality", with a robust environmental management system as its foundation. We continuously improve our environmental management system, actively explore and implement low-carbon operation and emission reduction action plans, and enhance our environmental performance in areas such as energy and resource consumption and waste management. Additionally, we are committed to identifying, assessing, and addressing climate change issues and comprehensively strengthening our environmental management capabilities, thereby contributing to the harmonious coexistence between the environment and society.

5.1 Climate Change

In recent years, climate change has emerged as a significant global challenge for humanity. As a responsible company, Mabpharm actively integrates its development and construction into the forefront of tackling this issue. We proactively respond to climate change risks and implement effective risk management measures to mitigate the impact of climate change on the Company and its stakeholders. With reference to the IFRS Sustainability Disclosure Standards No. 2 – Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), we have identified two major categories of climate change risks, namely, transitional and physical risks, after taking into full consideration of the market conditions, our business operations and weather changes in the locations where we operate, as well as the excellent practices of our peers, and taken a number of measures to respond positively.

Risk category		Risk description	Countermeasures
Transitional risks	Policy and law	Government policies and laws and regulations on carbon emission are getting stricter, and the national carbon emission trading market is under active construction	Stay tuned with the energy conservation and emission reduction policies in the place where the Company operates, and timely comprehend and comply with the latest requirements of relevant regulatory authorities
	Technology	The requirements for various low-carbon environmental protection technologies are on constant improvement	Accelerate the innovation of low-carbon technology, analyze the adaptability of newly developed technology to the Company's business, and make a comprehensive evaluation before the new technology is put into use
	Reputation	Internal and external stakeholders pay constant attention to the Company's ESG information. If the Company fails to take prompt measures to tackle climate change or the information disclosure is insufficient, the Company's reputation will be affected	Pay more attention to the disclosure requirements related to sustainable development and climate change, fully disclose ESG-related information, and actively participate in highly recognized green environmental protection actions in China and abroad
	Market	Uncertain market signal	Pay attention to market dynamics and analyze market environment trends
Physical risks	Acute	Extreme weather (rainstorm, typhoon, heavy snow, flood, high temperature, cold spell) may have an impact on the health and safety of employees and the normal operation of the Company	Pay close attention to the weather forecast and formulate emergency plans to deal with the impact of sudden weather events
	Chronic	The normal R&D, production and operation of the Company are susceptible to changes in temperature and rainfall	Identify chronic physical risks, evaluate their impact on the business and take corresponding measures

5.2 Environmental Management

The Company strictly abides by the *Law of the People's Republic of China on Environmental Protection*, *Law of the People's Republic of China on Energy Conservation*, *Law of the People's Republic of China on Water Pollution Prevention and Control*, *Law of the People's Republic of China on Air Pollution Prevention and Control*, *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution*, *Law of the People's Republic of China on Prevention and Control of Soil Pollution* and *Water Law of the People's Republic of China* and other national laws, regulations and industry standards. It has also formulated and constantly improves internal management systems and operating procedures such as Standard Management Regulations for Wastes, Hazardous Chemicals Management System and Sewage Treatment and Disposal Regulations to guide the orderly development of the Company's environmental management and guarantee the standardization and compliance of the Company's environmental management.

The Company has established and continuously improves its environmental management structure, coordinated environmental management through the EHS[26] department, established a reasonable and scientific environmental policy, and defined environmental management objectives and responsibilities, so as to achieve comprehensive management of water resources, energy and emissions and improve the overall environmental performance of the Company.

In addition, we attach importance to the training and promotion of environmental protection awareness among our employees, and continue to enhance their energy-saving and environmental protection awareness by posting slogans advocating green office in office premises and organizing environmental protection knowledge and technology training for our employees.

[26] Environment, Health and Safety

Water resources management	Energy management	Emissions management	Carbon emission management
Establish water intensity management objectives and gradually reduce water intensity	Online energy management platform	Improve the recycling rate of waste water and solid waste	Gradually establish a low-carbon system
Formulate and strictly implement the water recycling plan	Promoting energy-saving optimization of equipment and realize negative growth of energy	Strengthen waste gas monitoring and treatment	Adopt low-carbon energy-saving technology
Improve wastewater management system	Implement energy-saving projects	Reduce waste generation	Strengthen the publicity to enhance employees' low-carbon awareness

Environmental objectives and performance improvement directions

5.3 Emissions Management

Mabpharm strictly adheres to relevant laws, regulations, and emission standards in the locations where it operates, actively fulfills its obligations for environmental compliance, and continuously improves the standardized management of waste, waste water and waste gases. Guided by internal documents such as the Standard Management Regulations for Wastes and Management System for Hazardous Chemicals, we are committed to reducing the generation of emissions and ensuring that all emissions are properly treated in accordance with relevant regulations, thus minimizing adverse environmental impacts. In 2023, we did not record violations related to environmental protection, excessive pollutants or illegal discharge.

5.3.1 Waste Water Management

The Company strictly follows the standard operating procedure (SOP-ED-EQ-012 G79) for waste water treatment facilities to treat waste water. The waste water is categorized based on its nature and subsequently subjected to appropriate and compliant disposal methods. For waste water generated from preparation of purified water, after conducting chemical oxygen demand (COD) testing, the portion that meets regulatory requirements is directly discharged to reduce the cost of waste water treatment. For experimental waste water, the Company has online monitoring systems for flow rate, total phosphorus, ammonia nitrogen, and COD. These systems have passed acceptance inspection and connected to the environmental protection department. We conduct daily online test and four records are filled out to assess the waste water treatment process, ensuring that the concentration of waste water discharge meets the requirements of discharge standards such as Integrated Waste water Discharge Standard (GB8978) and Pollutant Discharge Standard for Urban Sewage Treatment Plants (GB18918) before discharge. Regarding suspended solids, a qualified third party is commissioned to perform monthly monitoring to ensure compliance with the discharge permit. Additionally, we hire a third party to maintain the waste water monitoring equipment and issue reports on waste water discharge, which shows that all the discharge indicators were up to standard.

5.3.2 Waste Gas Management

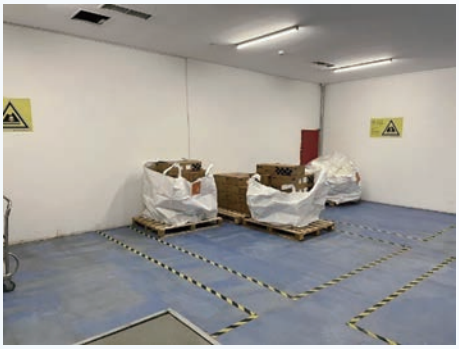
The major waste gas pollutants generated in the production and operation process of the Company are hydrogen chloride, non-methane total hydrocarbons, ammonia and particulate matter. We employ a series of measures to ensure compliant disposal of waste gases and facilitate the reduction of waste gas emissions. Waste gas is mainly generated in sewage station, waste temporary storage room and laboratory. To remove pollutants from the gas, water spraying, acid scrubbing and alkali scrubbing methods are employed. Once the gas meets the required standards, it is discharged through a 20-meter-high exhaust funnel.

Meanwhile, we inspect the waste gas treatment device every 24 hours to ensure its normal operation and check the dosing condition. In addition, the Company engages a qualified third-party every year to conduct a comprehensive examination of the pollutants in the waste gas, and the emission concentrations of these pollutants are consistently found to be significantly below the prescribed emission limits.

5.3.3 Waste Management

Mabpharm upholds the principle of harmlessness, reduction and recycling in waste management, adheres to the Guidelines for Safety Risk Prevention and Control of Hazardous Chemicals Production and Construction Projects, Guidelines for Safety Management of Hazardous Chemicals in Industrial Enterprises and other relevant laws and regulations, and has formulated internal policies and rules such as Standard Management Regulations for Wastes and Management System for Hazardous Chemicals to standardize the management of waste generated from production and operations. During the Reporting Period, the Company updated the Standard Management Regulations for Wastes to include new waste transportation methods and routes.

For non-hazardous waste, we store it in the temporary storage room, and entrust a qualified third party for removal and disposal on a regular basis. For hazardous wastes (mainly including waste drugs, waste chemical reagents, waste packaging containers, waste resin and sewage station sludge), we classify, store and pretreat such wastes, post hazardous waste labels, and regularly transfer them from the production site to the hazardous waste warehouse. The EHS qualified disposal entity to handle the hazardous waste and regularly reports the information of waste generation through the Jiangsu Province Hazardous Waste Dynamic Management System. In addition, we strictly record the transfer of hazardous waste in the Hazardous Waste Generation Link Record Form, Hazardous Waste Storage Link Record Form, Hazardous Waste Generation Monthly Report and Hazardous Waste Generation List, so as to ensure the consistency of hazardous waste accounts and materials. We also clean the temporary storage places of hazardous wastes to avoid long-term accumulation.



Temporary storage room of hazardous wastes

5.4 Green Operation

Mabpharm actively responds to the concept of "carbon peaking and carbon neutrality", improves resource utilization efficiency, promotes energy management, optimizes energy structure, innovates technology and processes, implements the concept of energy saving and emission reduction into all aspects of production and operation, and acts as a pioneer of green and low-carbon.

5.4.1 Energy Management

Mabpharm attaches great importance to energy saving and consumption reduction, and strictly complies with the Energy Conservation *Law of the People's Republic of China* and other laws and regulations, constantly explores the low-carbon business model, and actively promotes technological transformation for energy saving and consumption reduction. For energy management system, we have established a normalized monitoring mechanism. Through energy consumption analysis on a monthly basis and comparing the energy consumption differences by periods, we regularly review and discuss on energy saving and consumption reduction measures to continuously update and improve specific initiatives.

Power saving

- During non-production periods, smaller mobile air compressor units are used instead of larger ones to supply air, meeting equipment needs while significantly reducing electricity consumption
- Reduce the use of large electrical equipment such as chillers during the daytime peak hours and shift their use to off-peak hours, reducing the loading and power consumption
- Improve maintenance of cold storage facilities to prevent excessive working cycles of refrigeration compressors, thereby reducing energy waste

Sterilization

- Reduce sterilization time: The sterilization time for upstream devices is reduced from 50 minutes to 20 minutes, resulting in a 60% reduction in steam consumption for sterilization cabinets
- Extend the effective period for sterilization consumables (from 3 days to 1 month), reducing energy consumption from repeated sterilization

Green office

- Appoint dedicated personnel to inspect comfort air conditioning in all general areas, implement control measures such as warning signs, regulated operating hours, and temperature settings
- During holidays, the power status of office appliances is checked to ensure that plugs are disconnected, thereby reducing risks and energy consumption.
- Implement pre-shift and post-shift checking procedures to ensure that water and electricity supply and air conditioners are turned off

Laboratory

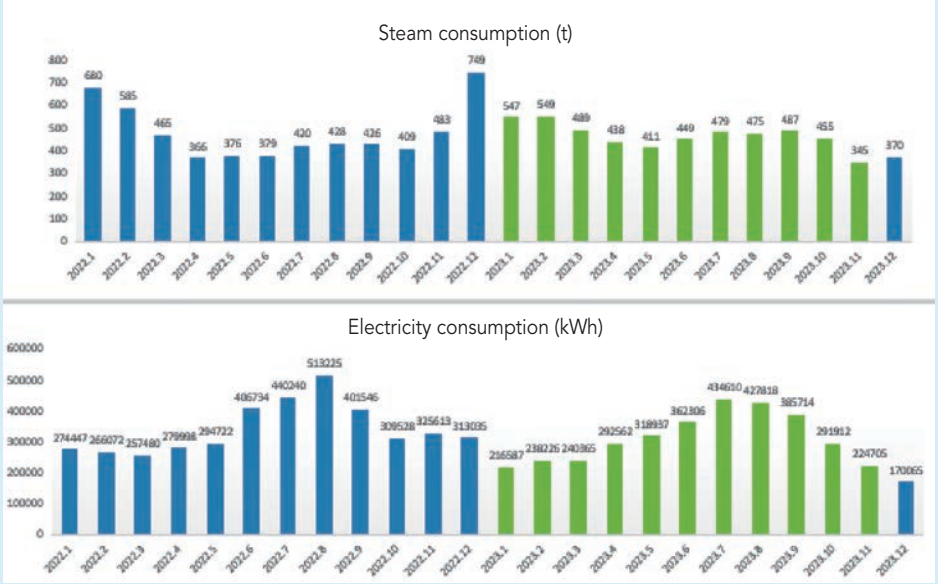
- Optimize experimental procedures to shorten experimental cycles, increase product expression levels and reduce energy consumption
- Set laboratory temperature and humidity to the minimum required for equipment operation, thereby minimizing electricity usage

Energy saving and consumption reduction initiatives

The Company continues to improve energy utilization efficiency through energy-saving renovation projects. During the Reporting Period, the Company had technical communication with 2 photovoltaic enterprises and Kunlun Company, and planned to introduce rooftop solar power in Xiangtai Road plant in the future to optimize the energy structure and increase the utilization ratio of green energy.

Online energy management system

The Company has refined its management of electricity data at each section of the workshop in Xiangtai Road plant, enabling the analysis of energy losses. It has established an online approval system for the suspension and resumption of utilities based on actual needs, improving the energy management mechanism. Monthly electricity and steam statistics and trend analysis is conducted for scientific management.



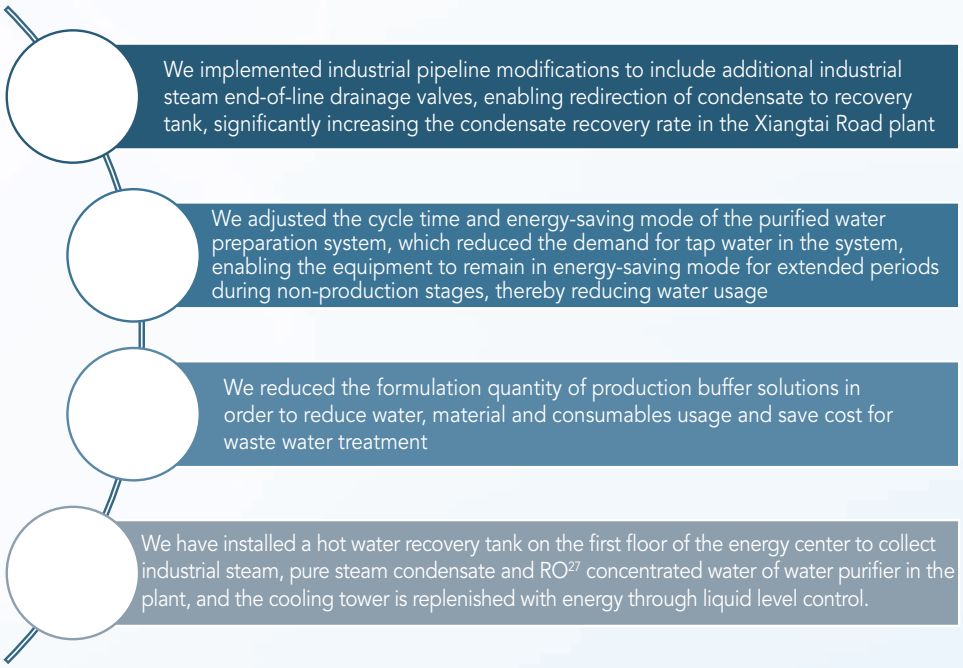
Air Conditioning Unit Renovation

It adopts a brand-new unit to supply air to multiple air-conditioning units, and the heating medium adopts hot water system for heating. Compared with traditional air conditioners, air conditioning units currently in use are able to perform separate temperature control and dehumidification, thereby further conserving consumption of steam, chilled water and other energy, and reducing electricity consumption of air conditioning.

5.4.2 Water Resources Usage

The Company's water resources come from municipal water, which is mainly used for daily operation of office, laboratory and production water. The Company continuously improves water resource management, actively implements water conservation measures, raises employees' awareness of water conservation, and enhances the utilization rate of water resources.

Meanwhile, through keeping track of water consumption at water consumption points, the Company conducts difference analysis of water consumption data on a monthly basis, and timely formulates targeted optimization measures in case of increased water consumption. Regarding equipment with significant water consumption, we constantly improve water resources management and control by adding measuring instruments and analyzing the water consumption and frequency.



Water resources management initiatives

[27] Reverse Osmosis

5.4.3 Packaging Material Management

The Company has formulated internal policies and systems, such as Standard Management Regulations for Material Balance, Standard Operating Regulations for Packaging Post of Penicillin Bottle Line, and Process Flow of Infliximab Preparation for Injection, established a management mechanism for the consumption of packaging materials to standardize the use, recycling and destruction of packaging materials. We carefully manage the use of packaging materials, distribute finished packages such as labels, instructions, small boxes and medium boxes as required, and count and destroy unqualified packages to ensure that the balance and recovery rate of each batch of materials is within the specified range.

The Company proactively promotes the use of sustainable packaging materials, purchases and uses paper made of renewable materials, decomposable packaging boxes, and adopts recyclable containers to avoid the use of disposable packaging materials, and is committed to mitigating the adverse impact on the environment caused by the use of packaging materials in the whole process of R&D, operation and product packaging. For the discarded packaging materials, we will recycle them after unified recovery, and the packaging material wastes with active plastics will be disposed of by qualified third parties.

Comprehensive Application of Green Packaging Materials
Mabpharm actively engages in green innovation in packaging materials and packaging processes by incorporating environmentally friendly materials in R&D, production, operations and product transportation. In the production process, stainless steel is used instead of disposable bags, promoting recycling and reusability. The packaging boxes and leaflets of marketed products are made from materials that can be recycled, reused, and decomposed. The packaging printing process is environmentally friendly and complies with environmental standards. Additionally, biodegradable materials are promoted and utilized in packaging boxes for other research and clinical projects to reduce environmental impact.

6 TALENT POOL DEVELOPMENT

Mabpharm is committed to establishing an open, inclusive, respectful, and diverse work environment. With the goal of "selecting talents, utilizing talents and retaining talents", Mabpharm provides employees with an extensive development platform and builds smooth career development path to promote the Company's growth through the power of talented individuals.

6.1 Compliant Employment

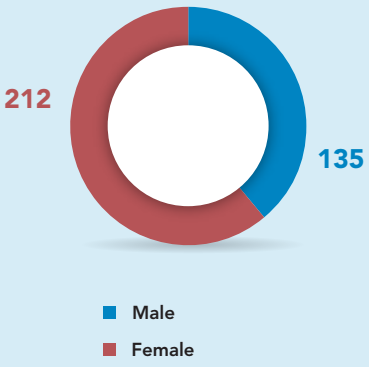
Mabpharm strictly abides by the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and other laws and regulations, and has formulated a series of rules and regulations, such as Employee Manual, Salary Management Regulations, Overtime Management Regulations, Travel Expenses Management Regulations, Attendance Management Regulations and Training Management System based on its actual situation so as to provide systematic guidelines for employee management.

6.1.1 Employment

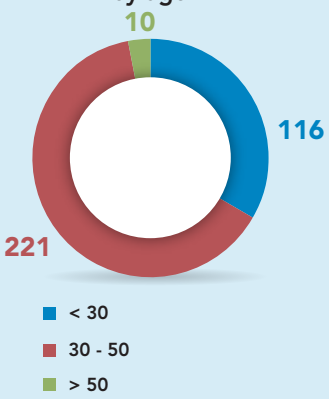
Mabpharm provides equal, fair and legal employment opportunities, strictly prohibits any form of discrimination because of gender, age, race, religion, region or any other factors, eliminates child labor and forced labor, and ensures transparency in recruitment information, fair recruitment processes, and merit-based selection of candidates. In case of irregularities, the employment contracts will be terminated in strict accordance with relevant procedures and such irregularities will be promptly reported to relevant institutions. During the Reporting Period, Mabpharm had a total of 347 employees, with 100% of them being full-time employees, and 72 new employees were recruited.

Employee Information

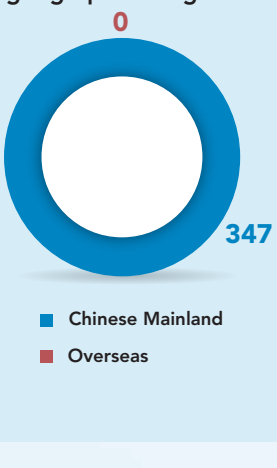
Number of employees by gender



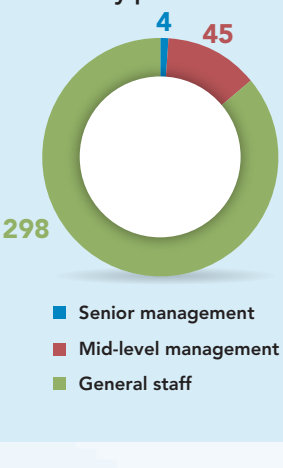
Number of employees by age



Number of employees by geographical region

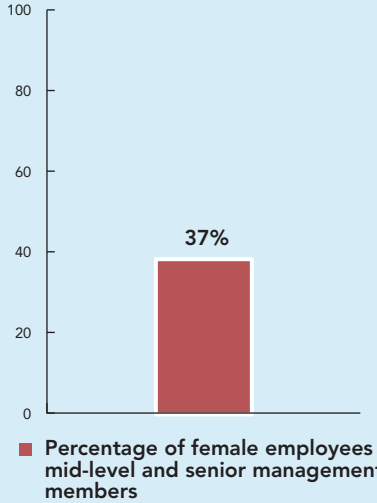


Number of employees by position

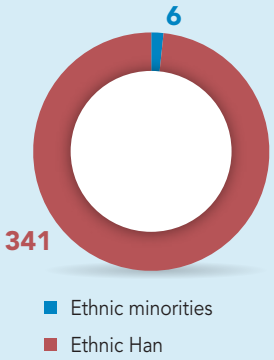


Employee Diversity Information

Percentage of female employees in management members



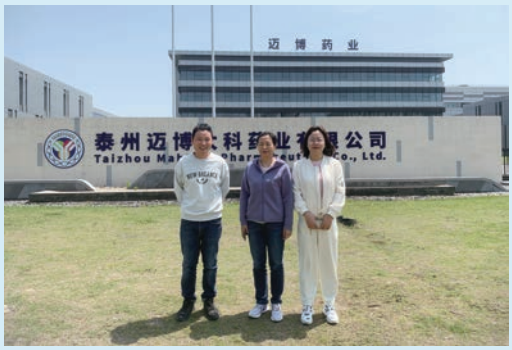
Number of employees by ethnic groups



Mabpharm regularly reviews and updates its employment situation. Based on job vacancies, we carry out recruitment activities actively through campus recruitment and social recruitment. We adopt a combination of online and offline recruitment methods to attract talented individuals. Through social recruitment, we seek candidates with rich experience and professional knowledge to fill key positions. During the Reporting Period, in order to attract young, energetic, and innovative talents and inject fresh blood into the Company, we have strengthened our collaboration with universities and maintained good cooperative relationships by providing internship opportunities for students. We collected information on and contacted a total of 12 vocational colleges in the surrounding areas of Taizhou, and maintained relationships with two colleges of higher diploma education, which increased the visibility and attractiveness to the Company.

Enterprise-school collaboration

During the Reporting Period, Mabpharm linked up with Heilongjiang Forestry Vocational and Technical College and School of Pharmacy of Taizhou Vocational and Technical College to increase our brand awareness as an employer and enhance talent recruitment efficiency through site visits and providing internship opportunities.

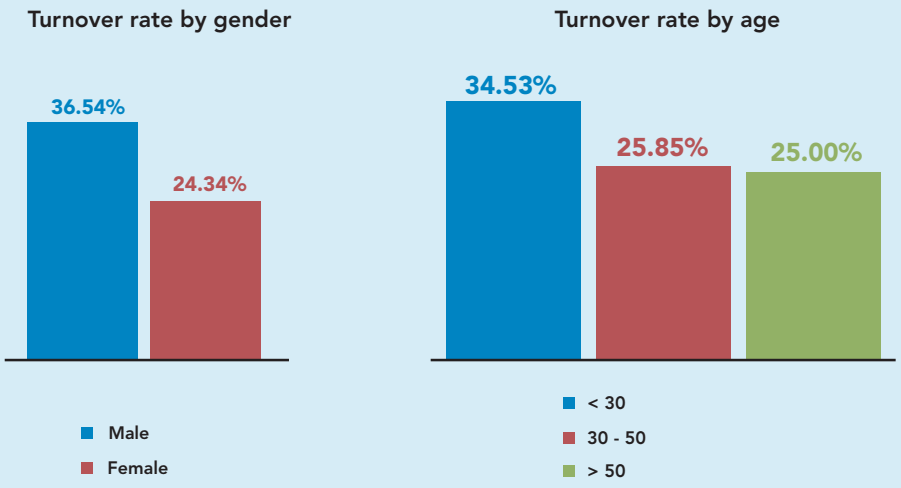


Site visit by representatives of Heilongjiang Forestry Vocational and Technical College

Staff of the School of Pharmacy of Taizhou Vocational and Technical College visited internship students

Mabpharm regularly summarizes information on employee departures and analyzes the reasons. The Company conducts interviews with employees who have applied to leave the Company to understand their reasons for departure and provide appropriate assistance. During the Reporting Period, our overall turnover rate was 29.32%, and the breakdown of employee turnover by different categories is as follows:

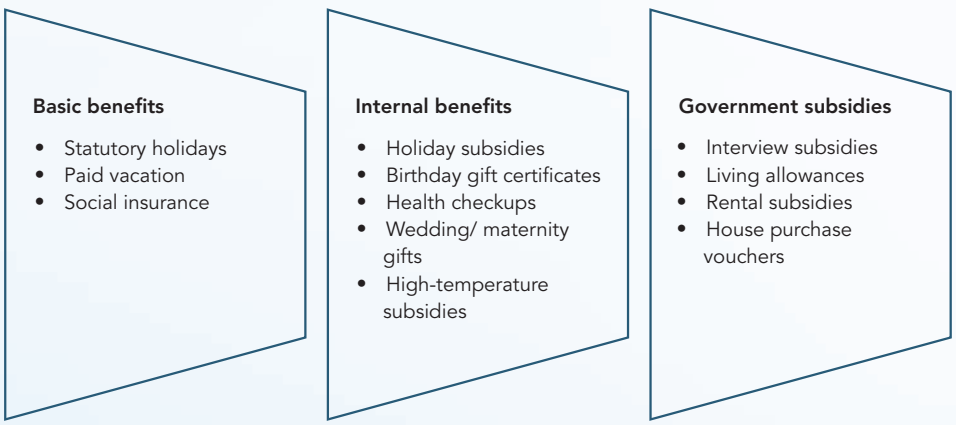
Employee Turnover



6.1.2 Salaries and Benefits

Mabpharm adheres to the principle of equal pay for equal work, strictly adheres to salary standards and national and local salary management regulations. We continuously improve our compensation service system, provide competitive compensation packages, and ensure full payment of overtime wages or arrange compensatory time off in accordance with relevant laws and regulations.

In addition, in order to create a harmonious and caring work environment, the Company continuously improves its employee welfare system. In addition to contributing to various social insurance funds in accordance with national regulations, we further provide internal benefits, and actively communicate with employees and assist them in applying for government subsidies to address their concerns and encourage long-term development.



6.2 Talent Cultivation

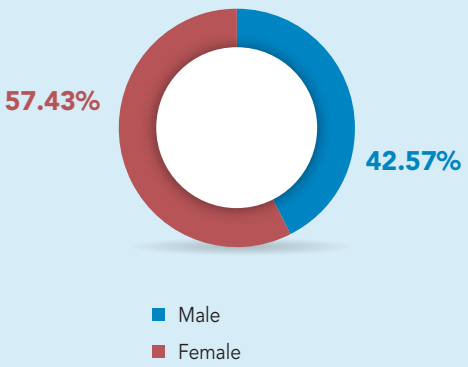
The Company has established a sound human resources management system, and regulates employee training management based on internal rules such as the Employee Manual, Salary Management Measures and Training Management System. We develop differentiated training programs based on the needs of different positions to achieve a win-win situation for the Company and the employees.

6.2.1 Employee Training

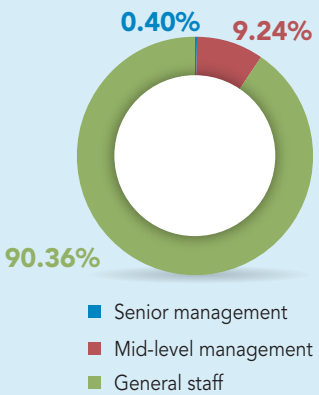
Mabpharm respects employees' preference in talent development, solicits and analyzes suggestions on training content, and develops training programs for each department based on the training matrix. To meet the diverse needs of employees, the training courses cover drug management laws and regulations related to the industry, drug production quality management standards, safety-related knowledge such as fire safety and occupational health, as well as job-specific general management documents, standard operating procedures (SOPs), professional development and enhancement, and comprehensive new employee induction training. In accordance with the Training Standard Management Regulations, during the Reporting Period, we conducted a total of 1,811 training sessions with a total of 2,897 training hours, of which 375 were company-level training sessions with 600 training hours, 1,424 were departmental-level training sessions with 2,201 training hours, and 12 were external training sessions with 96 training hours, covering all the employees of the Company, representing a total of 38,264 training hours received by the employees and an average of 110 training hours per employee.

Employee Training Information

Percentage of employees trained by gender



Percentage of employees trained by position



Pharmacovigilance training activities

On September 6, 2023 the Company organized a training session for all staff on Pharmacovigilance Management Regulations to ensure that all staff are familiar with the management regulations related to pharmacovigilance.

Business etiquette training

In December 2023, the Company cooperated with Yikai Culture Center to carry out external training on business etiquette, aiming to enhance employees' knowledge of business etiquette, improve their professionalism and enhance the corporate image.

6.2.2 Talent Development

Mabpharm ensures a fair and equitable promotion process through the establishment of a comprehensive individual performance management and assessment mechanism. The Company sets different performance evaluation criteria for employees at various levels. During the Reporting Period, Mabpharm implements a departmental responsibility system, where responsibilities are assigned to each department. The performance assessment of department heads is linked to the department's overall performance, while the assessment of managers in charge is linked to the performance of their respective divisions.

For post adjustments, multiple factors such as individual performance evaluation results, personal capabilities, and job demands are taken into consideration, and such adjustments include lateral transfers, rotation, promotion, demotion, temporary transfer, reassignment and special post adjustment. We encourage employees to pursue diversified development and create conditions for internal flow of talents, fostering the growth of versatile professionals.

For talent promotion, we have developed a scientifically designed "dual-channel" development plan, which includes a professional channel and a management channel. Taking into account the characteristics of different job functions and individual traits of employees, we assist them in selecting the appropriate promotion path, and establish corresponding assessment methods and promotion criteria for each path. This dual-channel development mechanism enhances employees' motivation and job satisfaction while also benefiting the Company in attracting and retaining talent. During the Reporting Period, we have promoted two individuals to the position of director and five individuals to the position of manager.

6.3 Safety and Health

Mabpharm attaches great importance to the safety and health of its employees, strictly complies with the laws and regulations related to production safety and occupational health and safety in the places where it operates, and has formulated various safety management rules and regulations such as the Work Safety Responsibility System, Management System for Hazardous Chemicals, Control System for Safety Risk Hierarchical Management, and the Hidden Danger Investigation and Management System. The Company prioritizes the enhancement of safety awareness and related technical skills of its employees, and pays attention to the physical and mental health of employees, making continuous efforts to create a safer and healthier work environment.

During the Reporting Period, the Company upholding the goal of "all-round, whole-process and all-staff" safety management, and established an EHS section under the general office, which is overseen by the general manager. We conduct weekly inspections for safety hazards, and take prompt action to address and rectify any identified issues. In 2023, a total of 600 potential safety hazards were identified through inspections with no significant safety hazards, and there were no work-related accidents or fatalities throughout the year.

Occupational health check-up


Safety hazard inspection


Safety training


Fire safety emergency drills


Chemical spillage drills

Indicator	Unit	2023
Number of work-related injuries	case	0
Number of work-related casualties	person	0
Days lost due to work-related injuries	day	0
Hours lost due to work-related injuries	hour	0

6.4 Care for Employees

6.4.1 Employee Communication

We are committed to cultivating a corporate culture that fosters inclusivity and a sense of belonging, and place utmost importance on respecting employees' rights to information and participation, valuing their opinions and perspectives. By establishing effective channels of communication, we ensure that employees have the right to express their thoughts and exercise oversight. We strive to bridge the gap between frontline staff and management, enhancing synergy and cooperation across all levels of the organization. We value employees' opinions and utilize methods such as satisfaction surveys to get feedback from employees and continuously optimize the work environment based on such feedback and suggestions. Moreover, we set up a mailbox for anonymous report to ensure employees' independence and autonomy in expressing their opinions.

Mail-box for anonymous report

Employee satisfaction survey

After each training session, the Company conducts surveys to assess the effectiveness of the training and identify any future training needs. We value employee's feedback and suggestions, and make timely adjustments to subsequent training based on the results.

6.4.2 Employee Support

Mabpharm is committed to fostering a workplace characterized by simplicity, efficiency, warmth, and harmony. In order to provide female employees with a greater sense of care, we offer various benefits such as maternity gift, the Women's Day gift and other benefits in kind. The labour union organizes regular activities such as birthday parties and visits to hospitalized employees, aiming to convey warmth and demonstrate care, thereby strengthening the employees' sense of unity and solidarity.

Employee birthday parties

Women's Day gift

Visits to hospitalized employees

Taizhou Mabtech 2023 Poker Game Championship

To enrich the leisure activities of our employees, stimulate their enthusiasm for participating in collective events, and enhance learning, communication, unity, and mutual assistance among employees, the labour union organized the "Poker Game Grand Challenge Championship" in Taizhou Mabtech in March 2023.

"Fun-filled Summer" Taizhou Mabtech Family Day Parent-Child Activity

To inspire employees' enthusiasm at work, enhance their sense of happiness, and express gratitude to the families of our employees for their support, the labour union of Taizhou Mabtech organized the "Fun-filled Summer" Family Day Parent-Child Activity in June 2023.

"Wilderness in Winter" Taizhou Mabtech Winter Camping

In order to motivate employees and promote team spirit, the labour union of Taizhou Mabtech organized an outdoor exercise activity under the theme of "Fun Sports + Camping and BBQ" in November 2023, aiming to encourage employees to maintain a healthy work-life balance and enjoy a joyful life.

7 GIVING BACK TO SOCIETY

Mabpharm is committed to running the Company with dedication and giving back to society with love. We continuously take concrete actions to actively contribute to society and fulfill our role as a responsible corporate citizen.

Inclusive Medical Care

During the Reporting Period, we provided assistance to patients with autoimmune diseases through projects organized by the Beijing RenZe Foundation. Additionally, we collaborated with our partners to make medication donation and public welfare aid using our marketed products. Furthermore, we conducted public educational activities in collaboration with hospitals on basic knowledge of relevant diseases and the latest development in diagnosis and treatment.

Love Aid Project for Patients with Autoimmune Diseases

In order to further enable more economically disadvantaged individuals with autoimmune diseases to receive effective and standardized drug treatments, we responded to the initiative of the Beijing RenZe Foundation to expand the Love Aid Project launched in last year by providing drug assistance and funds to support the project, extending the term of the project to December 31, 2023. We made an additional donation of 1000 boxes of 類停® (infliximab for injection) and RMB257,000 to finance the project's execution, daily management, operational support, logistics and transportation and other necessary expenses.

Product Trial for Public Welfare Purpose

Currently, the Company provides drugs (including therapeutic, basic and first-aid drugs, etc.) for subjects in different stages of phase I-III clinical trials free of charge, and pays medical examination expenses related to clinical trials (such as laboratory examination, imaging examination, gene mutation detection, etc.). After obtaining approval from the research center ethics committee, a certain amount of transportation and blood sampling allowances will be provided to the subjects. We cover the medical expenses related to any harm caused to the subjects during the clinical trial and provide appropriate compensation. We have entrusted our collaborative partners to formulate and execute donation plans and public welfare assistance for our two marketed drugs (類停® and 奧邁舒®).

Public Welfare Science Popularization Activities

Currently, during the process of Phase I-III clinical trials for our drugs, the Company collaborates with hospitals to hold public welfare science popularization lectures, aiming to disseminate knowledge about relevant diseases and provide updates on the development in diagnostic and treatment approaches to the patients and their families participating in our research project, thereby enhancing their understanding of relevant diseases and building brand influence.

APPENDIX I HONORS AND AWARDS

Highlight: List of honors and awards granted to the Group in 2023, including awards/recognized titles and awarding units

List of honors and awards	Granted to	Granted by
Second Prize of Jiangsu Pharmaceutical Science and Technology Progress Award	Taizhou Mabtech Pharmaceutical Limited	Jiangsu Drug Research and Development Association
Workers' Pioneer	Taizhou Mabtech Pharmaceutical Limited	Taizhou Gaogang District Federation of Trade Unions

APPENDIX II KEY PERFORMANCE INDICATORS

Indicator	Unit	2023	2022	2021
Total greenhouse gas emissions [28] (scope 1 and scope 2)	ton	8,076.56[29]	7,868.11	8,104.02
Direct greenhouse gas emission (scope 1)	ton	6.54	12.17	12.89
Indirect greenhouse gas emission (scope 2)	ton	8,070.02	7,855.94	8,091.13
Total greenhouse gas emissions per employee (excluding contractors)	ton/employee	23.28	18.87	16.74
Sulfur dioxide	ton	0	0	0.00
Nitrogen compounds	ton	0	0	0.00
Non-methane total hydrocarbon	ton	0.001[30]	0.01	0.02
Total hazardous waste emissions	ton	22.01	24.37	15.37
Total hazardous wastes emissions per employee (excluding contractors)	ton/employee	0.06	0.06	0.03
Total non-hazardous wastes emissions	ton	46.20	40	37.50
Total non-hazardous wastes emissions per employee (excluding contractors)	ton/employee	0.13	0.10	0.08
Water consumption	m^3	118,051.00	95,274.56	155,132.10
Fresh water	m^3	116,870.00	95,248.86	145,528.10
Recycling water	m^3	1,181.00	25.7	9,604.00
Total water consumption per employee (excluding contractors)	m^3/employee	340.20	228.48	320.52

[28] Greenhouse gas emissions: scope 1 greenhouse gas emissions of the Company come from the consumption of gasoline in self-owned vehicles; scope 2 greenhouse gas emissions of the Company come from purchased electricity and purchased steam. The calculation of greenhouse gas emissions refers to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) issued by the National Development and Reform Commission of the People's Republic of China. The calculation of power emission factor refers to the Notice on Implementing the Management of Greenhouse Gas Emission Reports of Enterprises from 2023 to 2025 issued by the Ministry of Ecology and Environment of the People's Republic of China, in which the power grid emission factor is adjusted to 0.5703 tCO2/MWh.

[29] The increase in total greenhouse gas emissions in 2023 was mainly due to the increase in production volume.

[30] The formula for calculating the total emissions of non-methane hydrocarbons in 2023 is adjusted to non-methane hydrocarbon concentration * airflow (per hour) * fan operating time (annual hours)

Indicator	Unit	2023	2022	2021
Total energy consumption[31]	MWh	**18,934.79**	19,600.46	13,722.95
Diesel and gasoline[32]	MWh	**25.74**[33]	47.89	50.53
Electricity	MWh	**9,006.11**	8,079.02	7,019.76
Steam	MWh	**9,902.93**	11,473.55[34]	6,652.67
Total energy consumption per employee (excluding contractors)	MWh/employee	**54.57**	47.00	28.35
Total packaging materials consumed for finished products	ton	**3.20**[35]	1.96	1.87
Packaging materials consumed per production unit	kg/employee	**9.22**	4.69	Not applicable
Social performance indicators				
Employees of contractors	total number	**0**	150	80
Employees (excluding contractors)	total number	**347**	417	484
By gender	Female	**212**	240	251
	Male	**135**	177	233
By employment type	Full-time	**347**	417	484
	Part-time	**0**	0	0
By age group	Aged under 30	**116**	182	166
	Aged 30-50	**221**	198	307
	Aged over 50	**10**	37	11
By region	China	**347**	416	483
	Overseas	**0**	1	1
By employee category	Senior management	**4**	5	5
	Middle management	**45**	42	43
	General staff	**298**	370	436

31 Energy consumption: calculated according to General Principles for Comprehensive Energy Consumption Calculation (GB2589-2020).

32 Diesel and gasoline: only self-owned vehicles consumed gasoline in 2023

33 In 2023, the Company sold a high fuel consumption vehicle, resulting in a decrease in diesel and gasoline consumption.

34 The increase of steam consumption in 2022 is due to the increase of production frequency.

35 The increase in total packaging materials consumed for finished products in 2023 was mainly due to the increase in the production volume.

Indicator	Unit	2023	2022	2021
Employee turnover rate[36]	%	29.32	27.34	23.90
By gender	Female	24.34%	24.58%	20.91%
	Male	36.54%	31.07%	27.37%
By age group	Aged under 30	34.53%	32.42%	29.90%
	Aged 30-50	25.85%	26.26%	20.80%
	Aged over 50	25.00%	8.11%	10.53%
By region	China	29.32%	27.40%	23.93%
Work-related fatalities	person	0	0	0
Fatality rate	%	0	0	0
Lost days due to work injury	day	0	0	0
Average lost days due to work injury	day/employee	0	0	0
Percentage of trained employees	%	71.76	78.66	87.54
By gender	Female	57.43%	55.49%	51.21%
	Male	42.57%	44.51%	48.79%
By employee category	Senior management	0.40%	1.52%	0.24%
	Middle management	9.24%	7.93%	5.80%
	General staff	90.36%	90.55%	93.96%
Average training hours completed per employee	hour	110[37]	49	19.94
By gender	Female	109	47	20
	Male	112	51	20
By employee category	Senior management	36	49	2
	Middle management	65	48	13
	General staff	118	49	21

[36] Employee turnover rate is calculated as number of turnover/(number of employees at the beginning of the period + number of employees at the end of the period)/2

[37] In 2023, employee education and training were strengthened, leading to an increase in the number of training sessions with full staff participation.

Indicator	Unit	2023	2022	2021
Total number of suppliers	number	756	575	646
Number of suppliers by geographical region				
China	number	751	573	643
Hong Kong, Macao and Taiwan and overseas	number	5	2	3
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
Number of products and service related complaints received	case	Not applicable	Not applicable	Not applicable
Number of concluded legal cases regarding corrupt practices brought against the Company or our employees	case	0	0	0

APPENDIX III HKEX INDEX

INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject areas, aspects, general disclosure and key performance indicators			Section
Environmental			
A1: Emissions	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Environmental management Emissions management Green operation
	A1.1	The types of emissions and respective emissions data.	Appendix II Key Performance Indicators
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and intensity.	Appendix II Key Performance Indicators
	A1.3	Total hazardous waste produced and intensity.	Appendix II Key Performance Indicators
	A1.4	Total non-hazardous waste produced and intensity.	Appendix II Key Performance Indicators
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental management Emissions management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental management Emissions management

Subject areas, aspects, general disclosure and key performance indicators			Section
A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental management Green Operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix II Key Performance Indicators
	A2.2	Water consumption in total and intensity.	Appendix II Key Performance Indicators
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental management Green Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental management Green Operation
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Appendix II Key Performance Indicators
A3: Environmental and Natural Resources	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Green Environment
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental management Emissions management Green Operation
A4: Climate Change	General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	Climate Change Environmental management Green Operation

Subject areas, aspects, general disclosure and key performance indicators			Section
Social			
B1: Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Compliant Employment
	B1.1	Total work force by gender, employment type, age group and geographical region.	Compliant Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Compliant Employment
B2: Health and Safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety and Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Safety and Health
	B2.2	Lost days due to work injury.	Safety and Health
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety and Health
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Cultivation
	B3.1	The percentage of employees trained by gender and employee category.	Talent Cultivation
	B3.2	The average training hours completed per employee by gender and employee category.	Talent Cultivation

Subject areas, aspects, general disclosure and key performance indicators			Section
B4: Labor Standards	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Compliant Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Compliant Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Compliant Employment
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain
	B5.1	Number of suppliers by geographical region.	Responsible Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Supply Chain

Subject areas, aspects, general disclosure and key performance indicators			Section
B6: Product Responsibility	General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Innovation
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Management
	B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Innovation
	B6.4	Description of quality assurance process and recall procedures.	Quality Management
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Quality Management

Subject areas, aspects, general disclosure and key performance indicators			Section
B7: Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. Compliant Operation	Compliant Operation
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Compliant Operation
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Compliant Operation
	B7.3	Description of anti-corruption training provided to directors and staff.	Compliant Operation
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Inclusive Medical Care
	B8.1	Focus area of contribution.	Inclusive Medical Care
	B8.2	Resources contributed to the focus area.	Inclusive Medical Care

Report of Directors

The Board of the Company is pleased to present this report of Directors together with the Consolidated Financial Statements of the Group for the year ended December 31, 2023.

PRINCIPAL ACTIVITIES

We are a leading biopharmaceutical company in China, focusing on the research, development and production of new drugs and biosimilar for cancers and autoimmune diseases. We strive to bring to market high quality and affordable innovative biologics through our efficient R&D system and low-cost pharmaceutical production capability, and develop differentiated therapeutic products by fully utilizing our extensive R&D experience.

There was no significant change in the nature of the Group's principal activities during the Reporting Period and up to the date of this annual report.

Particulars of the Company's principal subsidiaries as at December 31, 2023 are set out in Note 1 "CORPORATE AND GROUP INFORMATION" to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388 (2) and Schedule 5 to the Companies Ordinance can be found in the section headed "Management Discussion and Analysis" of this annual report.

The financial risk management objectives and policies of the Group are set out in Note 36 "FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES" to the Consolidated Financial Statements.

Further details relating to the Group's relationships with its key stakeholders, the Group's environmental policies and performance, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group can be found in the Environmental, Social and Governance Report on pages 40 to 47. The "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" form part of this report of Directors.

RESULTS

Details of the consolidated loss and total comprehensive expense of the Group for the Reporting Period and the Group's financial position as at December 31, 2023 are set out in the Consolidated Financial Statements on pages 168 to 170.

FINAL DIVIDENDS

The Board does not recommend payment of a final dividend for the year ended December 31, 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed in promoting a sustainable and environmental friendly environment. We endeavour to comply with the relevant laws and regulations regarding environmental protection and implement effective measures to achieve efficient use of resources, waste reduction and energy saving. For instance, we utilize the waste water generated in RO reverse purification process, and the recycled waste water is mainly used for supplementing water to equipment units and as domestic water, etc. We also review our environmental policies on a regular basis.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules, the Company's Environmental, Social and Governance Report can be found on pages 37 to 110.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause our financial conditions or results materially different from the expected or historical results can be summarized as follows, some of which are beyond our control:

1. risks related to financial prospects and funding

    - ability to raise additional capital to fund our operations in a timely manner on acceptable terms

    - risk of obsolescence for our inventory, which may adversely impact our financial conditions and results of operation

2. risks related to product development and commercialization

    - ability to develop, obtain approval for or commercialize any of our drug candidates or incur significant delays in doing so

3. risks related to governmental regulation

    - changes in government regulations or in practices relating to the pharmaceutical and biotechnology industries, including healthcare reform in the PRC

4. risks related to intellectual property

    - be successful in protecting our own intellectual property

5. other risks related to our industry and business

    - competition in the biopharmaceuticals market, in particular for therapeutic antibody drugs

6. risks related to doing business in the PRC

    - adverse changes in political, economic and other policies of the Chinese government could have a material adverse effect on the overall economic growth of China

    - government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiaries

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

BOARD COMMITTEES

Please refer to pages 147 to 151 of the Corporate Governance Report for further details in relation to (1) Remuneration Committee, (2) Audit Committee, and (3) Nomination Committee as established by the Board.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors
Dr. Wang Hao
Mr. Li Yunfeng
Dr. Li Jing
(retired from office on November 28, 2023)
Mr. Tao Jing
Dr. Hou Sheng
(appointed on November 28, 2023)

Non-executive Directors
Mr. Jiao Shuge *(Chairman)*
Mr. Guo Jianjun
(retired from office on November 28, 2023)
Dr. Qian Weizhu
(appointed on November 28, 2023)

Independent Non-executive Directors
Mr. Guo Liangzhong
Dr. Zhang Yanyun
Mr. Leung, Louis Ho Ming

In accordance with article 108 and article 112 of the Articles of Association, Mr. Li Yunfeng, Mr. Tao Jing, Dr. Hou Sheng, Dr. Qian Weizhu and Mr. Leung, Louis Ho Ming will retire from office by rotation at the forthcoming AGM, and are eligible and will offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

So far as the Directors are aware and save as disclosed in this report, there has been no other change of information of Directors during the Reporting Period.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the Independent Non-executive Directors an annual confirmation in writing of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this annual report, all of the Independent Non-executive Directors are independent. The Nomination Committee has conducted an annual review and considers that all Independent Non-executive Directors are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director. The Board believes that the balance between the Executive Directors and the Independent Non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with us under which they agreed to act as Executive Directors for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either the Executive Director or us.

Each of the Non-executive Directors and the Independent Non-executive Directors has signed an appointment letter with us for a term of three years and two years, respectively. Under their respective appointment letters, each of the Independent Non-executive Directors is entitled to a fixed Director's fee while the Non-executive Directors are not entitled to any remuneration.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND EXECUTIVE OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended December 31, 2023. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Related Party Transactions" below and Note 33 "RELATED PARTY TRANSACTIONS" to the Consolidated Financial Statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed under the section headed "Related Party Transactions" below and Note 33 "RELATED PARTY TRANSACTIONS" to the Consolidated Financial Statements, no contracts of significance (as defined in Appendix D2 to the Listing Rules) in relation to our business to which the Company, its holding company or any of its subsidiaries was a party and in which a controlling shareholder of the Company had a material interest, whether directly or indirectly, during or at the end of the Reporting Period.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers and the largest customer accounted for 31.6% and 16.2%, respectively, of the Group's total sales during the Reporting Period. The Group attaches great importance to the long-term relationship with its customers. The Group strives to build mutual trust with customers, strengthen communication and commitment with them, provide customers with high-quality products and maintain sustainable development.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 46.0% and 21.3%, respectively, of the Group's total purchases for the Reporting Period. The Group values long standing relationships with its suppliers. The Group is aiming to develop mutual trust and enhance communication and commitment with its suppliers with a view to deliver high quality products to its customers and maintain sustainable growth.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had a material interest in the Group's five largest customers and five largest suppliers during the Reporting Period.

During the Reporting Period, the Group did not experience any significant disputes with its customers and suppliers.

REMUNERATION OF DIRECTORS

The Directors' fees and other emoluments are supervised by the Remuneration Committee and determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in Note 10 "DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION" to the Consolidated Financial Statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors confirm that, during the Reporting Period, they did not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

Each of the Controlling Shareholders and Sinomab (each a "**Covenantor**" and collectively the "**Covenantors**") has entered into the deed of non-competition with the Company on April 16, 2019 ("**Deed of Non-Competition**"). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company that, with the exception of the Excluded Business, he/it shall not, and shall procure his/its close associates (other than any members of the Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement) or as principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of the Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with the business of any member of the Group, in particular any research, development, manufacturing and commercialization of drug products having the same chemical target as those biologic products of the Group. For further details of the Deed of Non-competition, please refer to the section headed "Relationship with Controlling Shareholders – Deed of Non-competition" of the Prospectus.

The Independent Non-executive Directors have reviewed the compliance of the Deed of Non-competition by the Covenantors, and considered that the non-competition undertakings have been complied with during the Reporting Period. The Covenantors have provided the Company with the confirmation in writing of compliance of the non-competition undertakings.

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 256 of this annual report. This summary does not form part of the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the Reporting Period are set out in Note 15 "PROPERTY, PLANT AND EQUIPMENT" to the Consolidated Financial Statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the Reporting Period are set out in Note 28 "SHARE CAPITAL" to the Consolidated Financial Statements.

DONATION

During the Reporting Period, the Group has made a charitable donation amounting to RMB257,000 and approximately 1,000 free drugs (infliximab for injection) to Beijing RenZe Foundation in support of its love aid project for patients with autoimmune diseases (2022: RMB296,000 and approximately 2,000 free drugs (infliximab for injection)).

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year ended December 31, 2023 are set out on page 171 to the Consolidated Financial Statements. The distributable reserves of the Company as at December 31, 2023 were RMB1,333.8 million (2022: RMB1,334.8 million).

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Company as at December 31, 2023 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 25 "INTEREST-BEARING BANK AND OTHER BORROWINGS" to the Consolidated Financial Statements.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2023, the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest[1]
Dr. Hou Sheng (侯盛)	Interest of Spouse (L)[2]	29,642,137	0.72%
Dr. QianWeizhu (錢衛珠)	Beneficial owner (L)[2]	29,642,137	0.72%
Dr. Wang Hao (王皓)	Beneficial owner (L)[2]	24,827,006	0.60%
Mr. Tao Jing (陶靜)	Beneficial owner (L)[2]	3,236,234	0.08%
Mr. Li Yunfeng (李雲峰)	Beneficial owner (L)[2]	3,236,234	0.08%

Notes:

(1) As at December 31, 2023, the total number of issued shares of the Company was 4,124,080,000 Shares.

(2) These interests represented the share options granted under the Pre-IPO Share Option Scheme. For details, please refer to Note 29 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements.

Save as disclosed above, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified under Division 7 and 8 of Part XV of the SFO or recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2023, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Asia Mabtech[1]	Beneficial owner (L); Interest in controlled corporation (L)	2,227,000,000	54.00%
United Circuit[1]	Beneficial owner (L)	167,025,000	4.05%
Guo Family Trustee[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
Asia Pacific Immunotech Venture Limited[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
Mr. Guo Jianjun[1]	Interest in controlled corporation (L)	2,227,000,000	54.00%
CDH PE[2]	Beneficial owner (L)	742,348,180	18.00%
CDH Fund V, L.P. ("**CDH Fund**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
CDH V Holdings Company Limited ("**CDH V**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
China Diamond Holdings V Limited ("**CDH Diamond V**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
China Diamond Holdings Company Limited ("**China Diamond**")[2]	Interest in controlled corporation (L)	742,348,180	18.00%
FH Investment[3]	Beneficial owner (L)	213,435,680	5.18%
Link Best Capital Limited[3]	Interest in controlled corporation (L)	213,435,680	5.18%

Notes:

(1) The Company is held as to 49.95% and 4.05% by Asia Mabtech and United Circuit, respectively. United Circuit is held as to 100% by Asia Mabtech, which is wholly-owned by Asia Pacific Immunotech Venture which is in turn wholly-owned by the Guo Family Trust, of which Mr. Guo Jianjun is the settlor and Guo Family Trustee is the trustee. As such, Mr. Guo Jianjun is deemed or is taken to be interested in 167,025,000 Shares beneficially owned by United Circuit and 2,059,975,000 Shares beneficially owned by Asia Mabtech for the purpose of Part XV of the SFO.

(2) The Company is held as to 18.00% by CDH PE. CDH PE is wholly-owned by CDH Fund. Pursuant to the SFO, CDH Fund is therefore deemed to be interested in the shares held by CDH PE. CDH Fund is controlled by CDH V, which in turn held as to 80% by China Diamond V. China Diamond V is held as to 100% by China Diamond.

(3) FH Investment is a direct wholly-owned subsidiary of Link Best Capital Limited, which is held by independent third parties.

Saved as disclosed above, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified.

PRE-IPO SHARE OPTION SCHEME

On August 10, 2018, the Company adopted the Pre-IPO Share Option Scheme. For the details of the Pre-IPO Share Option Scheme, please refer to the disclosure in the Prospectus.

Below is a summary of the principal terms of the Pre-IPO Share Option Scheme:

Purpose

The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group.

Duration of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme commenced on August 10, 2018 and ended on the day immediately before the Listing date.

Participants

Eligible participants include directors and employees of the Company or any of its subsidiaries who, in the sole opinion of the Board, have contributed to the Company and/or any of the subsidiaries.

Maximum number of shares that can be awarded

The maximum number of Shares in respect of which options may be granted shall be equivalent to 2.5% of the issued share capital of the Company immediately after capitalization prior to the Global Offering.

Maximum entitlement for each participant

Under the Pre-IPO Share Option Scheme, there is no specific limit on the maximum number of shares which may be granted to a single eligible participant.

Exercise Period

The date of expiry of the option is determined by the Board which shall not be later than the last day of the option period, which must expire not more than 10 years from the date of grant. 20% of the share options granted will be exercisable commencing from the fourth, fifth, sixth, seventh and eighth anniversary of the Listing Date, respectively.

Exercise Price

The exercise price of the options shall be the final offer price per share at which the Shares are acquired by the investors pursuant to the Global Offering which amounted to HK$1.50 per Share.

Outstanding Share Options

On August 18, 2018, the Company granted an aggregate of 83,512,500 share options to 62 Grantees, representing rights to subscribe for 83,512,500 Shares (taking into account the Capitalization Issue). Subsequent to the granting of the share options, a total of 21 of the grantees resigned from their respective positions within our Group. As such, the share options granted to these 21 grantees were forfeited and no longer exercisable. As of December 31, 2023, the number of Shares underlying the outstanding and unexercised share options granted under the Pre-IPO Share Option Scheme amounts to 76,121,502 Shares and 1.85% of the issued share capital of the Company as at the date of this annual report. None of the share options granted under the scheme has been exercised by any grantee.

Details of the movements of the options granted under the Pre-IPO Share Option Scheme during the Reporting Period are as follows:

Category	Grant Date	Outstanding at January 1, 2023	Number of Share Options During the Reporting Period				Outstanding at December 31, 2023
			Granted	Exercised	Lapsed	Forfeited	
Category 1: Directors							
Dr. QianWeizhu	August 18, 2018	29,642,137	–	–	–	–	29,642,137
Dr. Wang Hao	August 18, 2018	24,827,006	–	–	–	–	24,827,006
Mr. Li Yunfeng	August 18, 2018	3,236,234	–	–	–	–	3,236,234
Mr. Tao Jing	August 18, 2018	3,236,234	–	–	–	–	3,236,234
	Sub-total	60,941,611	–	–	–	–	60,941,611
Category 2: Employees	August 18, 2018	15,527,487	–	–	–	(347,596)	15,179,891
Total		76,469,098	–	–	–	(347,596)	76,121,502

For further details, please refer to Note 29 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements.

Save as disclosed above and in Note 29 "SHARE-BASED PAYMENT TRANSACTIONS" to the Consolidated Financial Statements, the Company does not have any other share option schemes.

RELATED PARTY TRANSACTIONS

Details of the related party transactions were set out in Note 33 "RELATED PARTY TRANSACTIONS" to the Consolidated Financial Statements. Details of any related party transaction which constitute continuing connected transaction not exempted under Chapter 14A of the Listing Rules are disclosed below.

Continuing Connected Transactions

During the Reporting Period, the Group has carried out the following continuing connected transactions (as defined in the Listing Rules) which are not exempted from annual reporting requirement under Chapter 14A of the Listing Rules. Details of the transaction are set out below:

Connected Persons

Mr. Guo Jianjun, one of our Controlling Shareholders and Ms. Guo Hua (an associate of Mr. Guo Jianjun), indirectly controls 5% and 61.67% of the voting rights in Sinomab, respectively, and Biomabs is a wholly-owned subsidiary of Sinomab. Therefore, Biomabs is a connected person of the Group pursuant to the Listing Rules.

Clinical Trials Agreement for CMAB807

On March 1, 2021, Biomabs and Taizhou Pharmaceutical entered into the clinical trials agreement pursuant to which Biomabs will continue and complete the phase III clinical trials of CMAB807 in the PRC ("**807 Clinical Trials Agreement**").

Pursuant to the 807 Clinical Trials Agreement, Taizhou Pharmaceutical shall engage Biomabs to continue to develop and complete phase III clinical trials of CMAB807. The scope of services to be provided by Biomabs includes, but not limited to: (i) continue to act as the applicant of the phase III clinical trials of CMAB807; (ii) enter into agreements with other clinical trial institutions (e.g. hospitals and CROs); (iii) continue to perform its obligations under agreements relating to the clinical trials of CMAB807 which Biomabs has already entered into before entering into the 807 Clinical Trials Agreement; and (iv) conduct other activities which should be conducted by the applicant of the clinical trials of CMAB807.

On or before the 10th day of each calendar month, (i) both parties to the 807 Clinical Trials Agreement shall confirm the amount of the expenses to be reimbursed in relation to the clinical trials of CMAB807, which have been paid by Biomabs on behalf of Taizhou Pharmaceutical for the previous calendar month; and (ii) Taizhou Pharmaceutical shall pay Biomabs such agreed reimbursements.

The term of the 807 Clinical Trials Agreement has expired on December 31, 2023.

The annual cap for the aggregate agreed reimbursements payable by Taizhou Pharmaceutical under the 807 Clinical Trials Agreement for the year ending December 31, 2023 was RMB3 million.

The total amount incurred by Taizhou Pharmaceutical under the 807 Clinical Trials Agreement for the year ended December 31, 2023 was approximately RMB2,866,000 (including value added tax of RMB162,000).

CDMO Agreement for CMAB807

On March 1, 2021, Biomabs and Taizhou Pharmaceutical also entered into the CDMO agreement ("**CDMO Agreement**") pursuant to which Biomabs will develop and manufacture CMAB807 in the PRC for Taizhou Pharmaceutical.

Pursuant to the CDMO Agreement, Taizhou Pharmaceutical shall engage Biomabs to develop and manufacture CMAB807 in accordance with the marketing authorization holder system under the Pharmaceutical Administration Law (《藥品管理法》) in the PRC including but not limited to (a) obtaining validation of the manufacturing process; (b) preparing all relevant documentation; and (c) applying to the NMPA for the new drug application.

The fees payable under the CDMO Agreement is RMB48 million in total and will be payable in five instalments with each payable within 20 days upon the occurrence of certain agreed milestones of the commercialization of CMAB807, starting from the effective date of the CDMO agreement. In addition, Biomabs can request for an additional fees of up to RMB5 million to be paid by Taizhou Pharmaceutical in respect of additional works and expenses incurred due to changes in, among others, relevant laws and rules or as agreed between Taizhou Pharmaceutical and Biomabs.

The term of the CDMO Agreement has expired on December 31, 2023.

The annual cap for fees payable by Taizhou Pharmaceutical under the CDMO Agreement for the year ending December 31, 2023 was RMB18 million.

Taizhou Pharmaceutical did not incur any expense under the CDMO Agreement for the year ended December 31, 2023. Due to the adjustment to the R&D plan for CMAB807, the milestone for payment to Biomabs under the CDMO Agreement was not reached during the Reporting Period.

Confirmation by the Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions and has confirmed that such transactions are:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better terms; and

(iii) in accordance with the agreements related to such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation by the auditors

Based on the work performed, the auditor of the Company confirmed to the Board that nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions:

(1) have not been approved by the Board;

(2) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(3) have exceeded the annual cap as set by the Company.

Save as disclosed above which has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules, the related party transactions referred in Note 33 to the Consolidated Financial Statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Save as disclosed in this annual report, and except the continuing connected transactions that were granted full exemptions on the requirements under Chapter 14A of the Listing Rules by the Stock Exchange, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

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

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

MATERIAL LITIGATION

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

USE OF NET PROCEEDS FROM LISTING

With the Shares of the Company listed on the Stock Exchange on the Listing Date, the net proceeds from the Global Offering were approximately HK$1,144.5 million. As at the date of this annual report, the Company has used all the net proceeds in accordance with the purposes as set out in the prospectus of the Company dated May 20, 2019.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three members, including two Independent Non-executive Directors, namely, Mr. Guo Liangzhong and Mr. Leung, Louis Ho Ming and one non-executive Director, namely, Mr. Jiao Shuge. The Audit Committee has reviewed, with the management of the Company, the audited Consolidated Financial Statements for the Reporting Period.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2023 was audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this annual report, as at the date of this annual report, there were no significant investments held by the Group or future plans regarding significant investment or capital assets. For the year ended December 31, 2023, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

EMPLOYEE AND REMUNERATION POLICY

As of December 31, 2023, we had a total of 347 employees, of which 102 are located in Shanghai and 245 are located in Taizhou. The table below sets forth a breakdown of our employees by function:

Function	Number of Employees
Business units	51
R&D personnel[(1)]	223
Administration	24
Management	49
Total	347

Notes:

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

Our success depends on our ability to attract, recruit and retain qualified employees. We provide our employees with opportunities to work on cutting-edge biologics projects with world-class scientists. We aim to attract qualified employees with overseas educational backgrounds and relevant experience gained from global pharmaceutical or biotechnology companies. As of the date of this report, Dr. Wang Hao and Dr. Hou Sheng of our scientists held a Ph.D. degree or equivalent in fields that are highly relevant to our business. In addition, as of the same date, 173 out of our 250 R&D personnel (including those who are our management) held a bachelor's degree or above.

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

We have established a labor union at Taizhou that represents employees with respect to the promulgation of bylaws and internal protocols. As of December 31, 2023, all of our employees at Taizhou were members of the labor union. We believe that we maintain a good working relationship with our employees. We had not experienced any material difficulty in recruiting employees for our operations during the Reporting Period and up to the date of this report.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

No significant event of the Group occurred after the Reporting Period and up to the date of this report.

Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Wang Hao (王皓), aged 55, is the chief scientist of our Company and was appointed as an Executive Director on July 20, 2018 and has served as a member of the remuneration committee since the Listing Date, and is primarily responsible for overseeing R&D activities and construction of R&D facilities of our Group. Dr. Wang was further appointed as the chief executive officer of our Company on October 28, 2020. Dr. Wang joined our Group and served as a deputy general manager of Taizhou Pharmaceutical since January 2017 and resigned in March 2017. Dr. Wang was appointed as a director of Taizhou Pharmaceutical and Shengheng Biotech in August 2018, and was appointed as the chairman of Taizhou Pharmaceutical and the chairman and general manager of Shengheng Biotech in October 2020.

Dr. Wang has over 24 years of experience in the medical and pharmaceutical technology industry, which in the Directors' view, enables him to competently carry out responsibilities in our Group. From 1998 to 2016, Dr. Wang consecutively served as an assistant researcher, associate researcher and researcher at the Cancer Institute of the Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)). Dr. Wang also served as a member of the Second Immuno-Oncology Committee of Shanghai Immunology Association (上海市免疫學會第二屆腫瘤免疫專業委員會) since June 2015. He also worked as a deputy general manager of Zhangjiang Biotech from March 2017 to May 2018. Dr. Wang was also a manager of Jiangsu Maitai Shouchuang Biotechnology Co., Ltd. (江蘇邁太首創生物技術有限公司) from September 2017 to June 2018.

Dr. Wang obtained a bachelor degree in medicine in July 1991 and a master degree in medicine in July 1994 from the Second Military Medical University (第二軍醫大學) (currently known as the People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)). Following which, he received a Ph.D. in medicine in June 1997 from the same institution.

Dr. Wang was awarded twice with the National Award for Science and Technology Progress (國家技術發明獎) in December 2011 and December 2007, respectively, the Shanghai Oriental Scholar Professorship in June 2008 (上海高校特聘教授(東方學者)), and the Shanghai Award for Science and Technology Progress (上海市科學技術進步獎) in December 2003.

Mr. Li Yunfeng (李雲峰), aged 47, is the chief financial officer of our Company and was appointed as an Executive Director on July 20, 2018. He is primarily responsible for overseeing the management of finance, investment and legal work of our Group. Mr. Li joined our Group and served as a deputy general manager of Taizhou Pharmaceutical since March 2016, and was appointed as a director of Taizhou Pharmaceutical and Shengheng Biotech in August 2018 and November 2019, respectively.

Mr. Li has over 20 years of experience in the biotechnology industry, which in the Directors' view, enables him to competently carry out responsibilities in our Group. From January 2002 to June 2009, and from July 2010 to November 2012, Mr. Li was employed by Shanghai CP Guojian Pharmaceutical Co., Ltd. (上海中信國健藥業股份有限公司) (currently known as Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業(上海)股份有限公司)) as a deputy general manager. Mr. Li worked as a deputy general manager at Shanghai National Engineering Research Center of Antibody Medicine Co., Ltd. (上海抗體藥物國家工程研究中心有限公司) from July 2009 to June 2010 and a general manager of Shanghai Lansheng Guojian Pharmaceutical Co., Ltd. (上海蘭生國健藥業有限公司) (currently known as Shanghai Xingsheng Pharmaceutical Co., Ltd. (上海興生藥業有限公司)) from December 2012 to March 2016. Mr. Li served as a deputy general manager of Zhangjiang Biotech from March 2016 to July 2017. He also worked as a deputy general manager of Biomabs and MTJA respectively from March 2016 to August 2018.

Mr. Li received his bachelor's degree in international economics from Nanjing Normal University in July 1998.

Mr. Tao Jing (陶靜), aged 51, joined Taizhou Pharmaceutical in February 2015 as its deputy general manager and was appointed as the vice president of the Company and general manager of Taizhou Pharmaceutical in August 2018 and an executive director and a member of the nomination committee of the Company and a director of Taizhou Pharmaceutical and Shengheng Biotech in October, 2020, and was elected as a member of the sixth session of the Standing Committee of Taizhou Gaogang District People's Congress in January 2022. He is primarily responsible for overseeing production of drugs of the Group. Prior to joining our Group, Mr. Tao was employed by Shanghai CP Guojian Pharmaceutical Co., Ltd. (上海中信國健藥業股份有限公司) (currently known as Sunshine Guojian Pharmaceutical (Shanghai) Co., Ltd. (三生國健藥業 (上海)股份有限公司)) as a deputy manager and manager in pronucleus department and an operation manager and deputy chief engineer from May 2002 to May 2012. Mr. Tao served as a deputy chief engineer at Shanghai National Engineering Research Center of Antibody Medicine Co., Ltd. (上海抗體藥物國家工程研究中心有限公司) from June 2012 to July 2012. Mr. Tao served as a director of research and development department at MTJA and Zhangjiang Biotech respectively from August 2012 to March 2015, primarily responsible for pharmaceutical research and development.

Mr. Tao received a bachelor degree in Biochemistry from Anhui University (安徽大學) in July 1994. He also obtained an advanced certificate in biochemistry from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2013.

Dr. Hou Sheng (侯盛), aged 46, joined the Company in November 2023 and was appointed as an executive Director and a director of Taizhou Pharmaceutical and Shengheng Biotech. He was appointed as a vice president of the Company in December 2023 and is mainly responsible for overseeing the Group's medical, drug registration and clinical studies. He has over 20 years of experience in oncology and biology fields. Dr. Hou served as an assistant researcher and associate researcher and was employed at translational medical research department on tumor cell biology of Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) from May 2008 to March 2016. From May 2008 to August 2012, Dr. Hou served as an assistant researcher and associate researcher at National Engineering Research Center for Antibody Medicine* (抗體藥物國家工程研究中心). From September 2012 to February 2021, Dr. Hou served as a deputy director and associate researcher at State Key Laboratory of Antibody Drugs and Targeted Therapy (抗體藥物與靶向治療國家重點實驗室). From April 2021 to July 2023, Dr. Hou was the chairman of the board of directors and general manager of Wuhan Guojian Baiao Pharmaceutical Co., Ltd* (武漢國健百奧藥業有限公司). Dr. Hou is the spouse of Dr. Qian Weizhu.

Dr. Hou received a Ph.D. in medicine from the Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) in June 2005.

Dr. Hou received second prize in State Technological Invention Award (國家技術發明二等獎) in 2007, first prize in Shanghai Science and Technology Award (上海市科學技術獎一等獎) two times in 2006 and 2011 respectively, and second prize in Shanghai Technology Invention Award (上海市技術發明獎二等獎).

NON-EXECUTIVE DIRECTORS

Mr. Jiao Shuge (焦樹閣), aged 58, was appointed as the Chairman and a Non-executive Director of our Company on July 20, 2018 and has served as a member of the audit committee of the Company since the Listing Date, and is responsible for participating in formulating business and corporate strategies of our Group. Mr. Jiao joined our Group and was appointed as a director of Taizhou Pharmaceutical in February 2015, during which he served as the chairman of Taizhou Pharmaceutical from February 2015 to August 2018. Mr. Jiao was appointed as a director of Shengheng Biotech in August 2018.

Mr. Jiao is currently a founding partner of CDH Investments Management Company Limited. Mr. Jiao once served as an independent non-executive director of China Mengniu Dairy Company Limited (stock code: 2319) and China Southern Airlines Company Limited (stock code: 1055) (both of the above companies are listed on the Stock Exchange), a director of Henan Shuanghui Investment & Development Co., Ltd. (河南雙匯投資發展股份有限公司) (stock code: 000895, a company listed on the Shenzhen Stock Exchange), and general manager and legal representative of Ningbo Akin Electronic Technology Co., Ltd. (寧波亞錦電子科技股份有限公司) (stock code: 830806), which is listed on National Equities Exchange and Quotations (the "**NEEQ**"). Mr. Jiao also serves as a non-executive director of WH Group Limited (stock code: 0288) and chairman of the board of directors and non-executive director of OCI International Holdings Limited (stock code: 0329), all of which are listed on the Stock Exchange, and a director of Hainan Poly Pharm Co. Ltd. (海南普利制藥股份有限公司) (stock code: 300630), which is listed on the Shenzhen Stock Exchange.

Mr. Jiao received a master degree in engineering from the No. 2 Research Institute of Ministry of Aeronautics and Astronautics (航空航天工業部第二研究院) in October 1989.

Dr. Qian Weizhu (錢衛珠), aged 48, was appointed as a non-executive director of the Company and a director of Taizhou Pharmaceutical and Shengheng Biotech in November 2023 and is responsible for participating in the formulation of the Group's business and corporate strategies. Dr. Qian currently serves as the vice president of Shanghai Mabstar Biotechnology Co., Ltd. (上海邁帛星生物技術有限公司). Dr. Qian has more than 25 years of experience in oncology and biology fields. Dr. Qian was employed at the Cancer Institute of Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) from 1994 to 2013, primarily responsible for biotechnology research and development. Dr. Qian consecutively served as deputy general manager and general manager of Zhangjiang Biotechnology from January 2014 to July 2017. Dr. Qian worked as a director and general manager in Biomabs from October 2015 to August 2018 and from December 2020 to October 2023. Dr. Qian also served as general manager in Sinomab from February 2016 to August 2018. Dr. Qian was a legal representative of Shanghai Guojian Biotechnology Research Institute (上海國健生物技術研究院) from February 2015 to September 2018. Dr. Qian joined our Group in February 2015, and served consecutively as a director and chairman of the board of directors in Taizhou Pharmaceutical from February 2015 to October 2020, during which she had been deputy general manager and general manager of Taizhou Pharmaceutical consecutively from February 2015 to August 2018. Dr. Qian served as a director and general manager of Shengheng Biotech from August 2018 to October 2020. Dr. Qian served as the executive director and chief executive officer of the Company from July 2018 to October 2020 and served as a member of the nomination committee of the Company from the Listing Date to October 2020. Dr. Qian is the spouse of Dr. Hou.

Dr. Qian obtained a master's degree in biochemistry and molecular biology in June 2003 from Second Military Medical University (第二軍醫大學) (currently known as People's Liberation Army Navy Medical University (中國人民解放軍海軍軍醫大學)) and was awarded a doctorate degree in oncology in June 2011 from the aforementioned university.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Liangzhong (郭良忠), aged 59, is an Independent Non-executive Director of our Company and was appointed as a Director, the chairman of the nomination committee and a member of the audit committee and remuneration committee on August 10, 2018 with effect from the Listing. Mr. Guo worked as an officer in the accusation department at the Supreme People's Procuratorate of the People's Republic of China (中華人民共和國最高人民檢察院控申廳) from March 1991 to July 1993. Mr. Guo was a lawyer at Guangxi Far East Commercial Law firm (廣西遠東商務律師事務所) (currently known as Dentons (Nanning) (北京大成(南寧)律師事務所) from July 1993 to December 1994, and has been a partner at Beijing Huamao Guigu Law Firm (北京市華貿矽谷律師事務所) since March 1995.

Mr. Guo graduated from China University of Political Science and Law (中國政法大學), with a bachelor degree in law and a master degree in jurisprudence in July 1985 and January 1991, respectively. He obtained People's Republic of China Lawyer's Certificate (中華人民共和國律師資格證書) in July 1993.

Dr. Zhang Yanyun (張雁雲), aged 68, is an Independent Non-executive Director of our Company and was appointed as a Director, the chairman of the remuneration committee and a member of the nomination committee on August 10, 2018 with effect from the Listing. From 1997 to 1998, Dr. Zhang was a visiting researcher at the Faculty of Medicine, University of Tokyo (東京大學醫學部). From 2002 to 2003, Dr. Zhang was a researcher at the Faculty of Medicine, University of Tokyo (東京大學醫學部). From 2002 to 2017, Dr. Zhang consecutively served as a researcher and principal investigator at Shanghai Institute for Biological Sciences, Chinese Academy of Sciences (中國科學院上海生命科學研究院). From 2008 to 2014, Dr. Zhang was the vice director at the Institute of Health Sciences, Shanghai Institute for Biological Sciences, Chinese Academy of Sciences and Shanghai Jiao Tong University School of Medicine (中國科學院上海生命科學研究院上海交通大學醫學院健康科學研究所). From 2012 to 2015, Dr. Zhang was the editor-in-chief of a professional journal named Current Immunology《現代免疫學》. Dr. Zhang has been the non-resident research fellow and principal investigator at Shanghai Institute for Biological Sciences, Chinese Academy of Sciences (中國科學院上海生命科學研究所) (currently known as Shanghai Institute of Nutrition and Health, Chinese Academy of Sciences (中國科學院上海營養與健康研究所)) since 2017.

Dr. Zhang received a bachelor degree in medicine in August 1983 and a master degree in medicine in December 1996 from Suzhou Medical College (蘇州醫學院) (currently known as Suzhou Medical College of Soochow University (蘇州大學蘇州醫學院)). Following which, Dr. Zhang obtained a Ph.D. in social medicine from Graduate School of Medicine, University of Tokyo (東京大學醫學部) in March 2002

Mr. Leung, Louis Ho Ming (梁浩鳴), aged 41, has served as an Independent Non-executive Director and the chairman of the audit committee of our Company appointed since June 17, 2022 and was appointed as an independent non-executive Director and member of the audit committee and nomination committee and chairman of the remuneration committee of the GR Properties Limited (a company listed on the Main Board of the Stock Exchange with stock code: 108) since February 2020. Mr. Leung served as the financial controller and company secretary of AL Group Limited (a company listed on GEM of the Stock Exchange with stock code: 8360) from September 2019 to May 2022. Mr. Leung was also a chief financial officer and company secretary of Prosperous Future Holdings Limited (formerly known as China Child Care Corporation Limited, a company listed on the Main Board of the Stock Exchange with stock code: 1259) from June 2017 to May 2019 and from January 2018 to May 2019 respectively. Mr. Leung has been appointed as an independent non-executive Director, the chairman of the Nomination Committee, and a member of the Audit Committee of Future Data Group Limited (a company listed on GEM of the Stock Exchange with stock code: 8229) since 16 May 2023.

Mr. Leung holds a bachelor degree of Science in Quantitative Finance from The Chinese University of Hong Kong in 2004. He has been a member of Hong Kong Institute of Certified Public Accountant since 2008 and has over 10 years of experience in accounting and auditing for Hong Kong listed and private companies.

SENIOR MANAGEMENT

Dr. Wang Hao (王皓), aged 55, is the chief scientist and chief executive officer of our Company and the general manager of Shengheng Biotech. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Mr. Li Yunfeng (李雲峰), aged 47, is the chief financial officer of our Company. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Mr. Tao Jing (陶靜), aged 51, is the vice president of the Company and general manager of Taizhou Pharmaceutical. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

Dr. Hou Sheng (侯盛), aged 46, is the vice president of the Company. For further details, please refer to the paragraph headed "– Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. Li Yunfeng (李雲峰) has been appointed as a joint company secretary of our Company. For details of his background, please refer to "Executive Directors" under this section.

Mr. Tsang Ho Yin (曾浩賢), aged 38, has been appointed as a joint company secretary of our Company. Mr. Tsang is currently a partner of Stevenson, Wong & Co and Allbright Law (Hong Kong) Office LLP, specialising in corporate finance and commercial law. Mr. Tsang has been an independent non-executive director of Sterling Group Holdings Limited (stock code: 1825) since September 2021, Zijing International Financial Holdings Limited (stock code: 8340) since August 2023; and Skymission Group Holdings Limited (stock code: 1429) since September 2023. Mr. Tsang has been an independent non-executive director from September 2021 to January 2023 and re-designated as a non-executive director of CROSSTEC Group Holdings Limited (stock code: 3893) since January 2023; a non-executive director of China Regenerative Medicine International Limited (stock code: 8158) since January 2020, a joint company secretary of Sundy Service Group Co. Ltd (stock code: 9608) since January 2021; a company secretary of Sunshine 100 China Holdings Ltd (stock code: 2608) since November 2019 and a joint company secretary of 1957 & Co. (Hospitality) Limited (stock code: 8495) since August 2022.

Mr. Tsang was an independent non-executive director of Inno-Tech Holdings Limited ("**Inno-Tech**") (a company which shares were listed on GEM of the Stock Exchange and delisted on 13 July 2021, stock code: 8202) from June 2019 to June 2020. Inno-Tech was a company incorporated in Bermuda with limited liability and its principal activities were (i) provision of outdoor advertising business through different advertising media network; (ii) television advertising operation; (iii) the event management business; (iv) seafood business; and (v) money lending business in Hong Kong. As disclosed in the announcements of Inno-Tech dated 1 June 2020, 3 July 2020 and 11 September 2020, Inno-Tech received a letter from the Official Receiver's Officer dated 9 June 2020 which stated that Gram Capital Limited has filed a winding-up petition to the High Court of the Government of the Hong Kong Special Administrative Region against Inno-Tech for principal sum of HK$195,000. On 9 September 2020, Inno-Tech was ordered to be wound up by the High Court of Hong Kong Special Administrative Region in HCCW 82/2020 and the Official Receiver was appointed as the provisional liquidator. Mr. Tsang confirmed that he was not a party to such winding up petition and is not aware of any actual or potential claim that has been or will be made against him as a result thereof.

Mr. Tsang was appointed as the company secretary of Sino Energy International Holdings Group Limited (stock code: 1096) from November 2018 to July 2019; the company secretary of Moody Technology Holdings Limited (stock code: 1400) from January 2019 to November 2019 and was appointed as the company secretary and authorized representative of Mobile Internet (China) Holdings Limited (stock code: 1439) from February 2020 to February 2021, a non-executive director of Summi (Group) Holdings Limited (stock code: 756) from July 2022 to September 2022 and a director of Roma Green Finance Limited (Nasdaq: ROMA) since December 2023 to February 2024.

Mr. Tsang obtained a bachelor degree in laws and commerce (accounting) from University of Melbourne, Australia in August 2008 and then obtained a master degree in laws from the same university in August 2010. Mr. Tsang then obtained the Postgraduate Certificate in Laws from the City University of Hong Kong in July 2011. Mr. Tsang was admitted as a solicitor in Australia and Hong Kong in May 2012 and December 2013, respectively. Mr. Tsang passed the Guangdong-Hong Kong-Macao Greater Bay Area Legal Professional Examination in 2022.

CHANGE IN INFORMATION OF DIRECTORS

As of December 31, 2023, there has been no change to the information of the Directors subject to disclosure under Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

The Board of Directors is pleased to present to the shareholders the corporate governance report for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that the Company has complied with the applicable code provisions as set out in the CG Code during the Reporting Period. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the guidelines for the directors' dealings in the securities of the Company since the Listing Date.

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

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the Senior Management on the Company's behalf. The Senior Management reports to the Board on a regular basis and communicates with the Board whenever required.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. All Directors clearly understand the delegation arrangements in place. The Company will review the delegation arrangements periodically to ensure that they remain appropriate to the Company's needs.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstance, at the Company's expenses for discharging their duties to the Company.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Composition

As at the date of this annual report, the Board is comprised of nine Directors, with four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. Mr. Guo Jianjun ("**Mr. Guo**") had resigned as a non-executive Director due to age concern and Dr. Li Jing ("**Dr. Li**") had resigned as an executive Director in order to devote more time to her other personal commitments with effect from November 28, 2023. Mr. Guo and Dr. Li had confirmed that they had no disagreement with the Board, and there was no other matter in relation to their resignation that needed to be brought to the attention of the Shareholders. To fill in the vacancy left by the resignation of Mr. Guo and Dr. Li, Dr. Hou Sheng ("**Dr. Hou**") and Dr. Qian Weizhu ("**Dr. Qian**") had been appointed as an executive Director and non-executive Director respectively on the same date, Dr. Hou is the spouse of Dr. Qian. Save as aforementioned, there is no financial, business, family or other material/relevant relationship between any members of the Board. A list of Directors and their respective biographies are set out in this annual report. As at the date of this annual report and save as disclosed in this paragraph, none of our Directors is related to other Directors of the Company.

The biographical details of Directors are set out in the section headed "Directors and Senior Management" in this Annual Report. Each of Dr. Hou and Dr. Qian, an executive Director and a non-executive Director appointed during the Reporting Period, confirm that they have obtained the legal advice referred to under Rule 3.09D of the Listing Rules on November 28, 2023 and understand their legal obligations as directors of a listed issuer under the Listing Rules.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group's affairs, we request each of the Directors to disclose to the Company, upon appointment and on a semi-annual basis thereafter, the number and nature of offices held in public companies or organisations and other significant commitments, together with the identity of such public companies or organisations and the time involved in such commitments.

During the year ended December 31, 2023, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with (1) the appointment of at least three independent non-executive Directors who represent at least one-third of the Board and (2) at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Board believes that the balance between the Executive Directors and the Non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

As part of the Company's corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the Independent Non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the Independent Non-executive Directors and the roles and functions of the Directors is maintained on the Company's website and the Stock Exchange's website.

Chairman and Chief Executive Officer

During the Reporting Period, the position of Chairman was held by Mr. Jiao Shuge and the position of Chief Executive Officer was held by Dr. Wang Hao. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. He is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account any matters proposed by the other Directors for inclusion in the agenda. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

The Independent Non-executive Directors play a significant role in the Board and the development of the Company's strategy and policies by virtue of their independent judgment and constructive and informed views, which carry significant weight in the Board's decision. The functions of independent non-executive Directors include (i) bringing an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, (ii) taking the lead where potential conflicts of interests arise, (iii) scrutinising the Company's performance in achieving agreed corporate goals and objectives and (iv) monitoring performance reporting.

In the year ended December 31, 2023, all Independent Non-executive Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation in Board and relevant committee meetings. They have also attended all general meetings to gain and develop a balanced understanding of the views of the Shareholders.

Continuous Professional Development of Directors

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Every Director has received formal and comprehensive trainings to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Company arranges continuous professional development trainings to Directors to ensure Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Directors also regularly meet with the senior management team to understand the Group's businesses, governance policies and regulatory environment. All Directors are also encouraged to attend relevant training courses.

The Directors informed the Company that they had received sufficient and relevant training and continuous professional development during the Reporting Period.

Records of training received by the Directors for the Reporting Period are summarized as follows:

Directors	Participation in continuous professional development[1]
Executive Directors	
Dr. Wang Hao	✔
Mr. Li Yunfeng	✔
Mr. Tao Jing	✔
Dr. Hou Sheng (newly appointed on November 28, 2023)	✔
Non-executive Directors	
Mr. Jiao Shuge	✔
Dr. Qian Weizhu (newly appointed on November 28, 2023)	✔
Independent Non-executive Directors	
Mr. Guo Liangzhong	✔
Dr. Zhang Yanyun	✔
Mr. Leung, Louis Ho Ming	✔

Note:

1. Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

All the Directors are subject to retirement by rotation and re-election at annual general meeting. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be subject to re-election.

The following Directors, Mr. Li Yunfeng, Mr. Tao Jing, Dr. Hou Sheng, Dr. Qian Weizhu and Mr. Leung, Louis Ho Ming shall retire at the AGM, and are eligible and will offer themselves for re-election.

The term of appointment of directors has been disclosed in the report of directors of this report.

Board Meetings and Directors' Attendance Records

The Company has adopted the practice of holding Board meetings regularly in person for at least four times a year at approximately quarterly intervals, with active participation of the majority of the Directors entitled to be present.

The Board has established the following mechanisms to ensure that independent views and input are available to the Board: (i) the Chairman will have regular gatherings with other Directors, and at least annually hold meetings with Independent Non-executive Directors and without the presence of other Directors. The Independent Non-executive Directors can freely provide their independent views to the Board; and (ii) the Independent Non-executive Directors participate in board committees (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment on important issues relating to the Company's strategy, policy, financial performance, and take the lead on matters where potential conflicts of interests arise. They will also attend annual general meetings of the Company to understand the view of shareholders. The Board reviews the implementation and effectiveness of such mechanisms on an annual basis.

Since December 31, 2022, seven Board meetings were held during the Reporting Period, one of which was to approve the Company's annual results and annual report for the year ended December 31, 2022 and review the Company's risk management and internal control systems, another one of which was to approve the Company's interim results and interim report for the six months ended June 30, 2023 and the remaining were to discuss matters including, among other things, (i) the grant of exclusive promotion right in respect of CMAB007 奧邁舒® in China (including the Chinese Mainland, Hong Kong, Macau and Taiwan) to Jemincare by Taizhou Pharmaceutical, a wholly-owned subsidiary of the Company; (ii) the grant of exclusive commercial rights in respect of CMAB009 in the Chinese Mainland to Jiangsu Simcere Zaiming by Taizhou Pharmaceutical; (iii) approval for resignation of Dr. Li Jing and Mr. Guo Jianjun as an executive Director and a non-executive Director, respectively, and approval for appointment of Dr. Hou Sheng and Dr. Qian Weizhu as an executive Director and a non-executive Director, respectively; (iv) the entrustment made by Taizhou Pharmaceutical to Biomabs for settlement of fees of certain clinical trial institutions in respect of the phase III clinical trials of CMAB807 for a term from January 1, 2024 to June 30, 2024 or ending on the date of completion of settlement (whichever is earlier) with a cap of RMB1.50 million; and (v) the negotiation between Taizhou Pharmaceutical and an independent third party for termination of the CMAB809 technology license agreement. Apart from the seven Board meetings held, the Chairman also held one meeting with the Independent Non-executive Directors in the absence of other Directors during the Reporting Period. The Company will continue to comply with code provision C.5.1 of the CG Code to hold at least four Board meetings each year, about once every quarter, and code provision C.2.7 of the CG Code for the Chairman to hold at least one meeting with the independent non-executive Directors without the presence of other Directors each year.

A summary of the attendance record of the Directors at Board meetings, committee meetings and general meetings during the Reporting Period is set out in the following table below:

	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2023				
Directors	**Board**	**Audit Committee[1]**	**Remuneration Committee[2]**	**Nomination Committee[3]**	**General Meetings[4]**
Executive Directors					
Dr. Wang Hao	7	N/A	2	N/A	1
Mr. Li Yunfeng	7	N/A	N/A	N/A	1
Mr. Tao Jing	7	N/A	N/A	2	1
Dr. Hou Sheng (appointed on November 28, 2023)	1	N/A	N/A	N/A	0
Non-executive Directors					
Mr. Jiao Shuge	7	2	N/A	N/A	1
Dr. Qian Weizhu (appointed on November 28, 2023)	1	N/A	N/A	N/A	0
Independent Non-executive Directors					
Mr. Guo Liangzhong	7	2	2	2	1
Dr. Zhang Yanyun	7	N/A	2	2	1
Mr. Leung, Louis Ho Ming	7	2	N/A	N/A	1

Notes:

1. The Audit Committee held a meeting on March 24, 2023 and August 25, 2023, respectively, and all members of the Audit Committee attended the meetings.

2. The Remuneration Committee held a meeting on March 24, 2023 and November 28, 2023, respectively and all members of the Remuneration Committee attended the meetings.

3. The Nomination Committee held a meeting on March 24, 2023 and November 28, 2023, respectively and all members of the Nomination Committee attended the meetings.

4. The Company held its annual general meeting on June 16, 2023.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the Stock Exchange's website.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3.3 of the CG Code.

The Audit Committee consists of three members, two Independent Non-executive Directors namely Mr. Leung, Louis Ho Ming and Mr. Guo Liangzhong and one Non-executive Director namely Mr. Jiao Shuge. Mr. Leung, Louis Ho Ming is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held two meetings, in which the Audit Committee has performed the following major tasks:

- reviewed the audited annual results and annual report for the year ended December 31, 2022;
- reviewed the interim results and interim report for the six months ended June 30, 2023;
- the Company's continuing connected transactions;
- in relation to the external auditor, reviewed their plans, reports and management letter, fees, involvement in non-audit services, and their terms of engagement;
- made recommendations to the Board for the re-appointment of the external auditor;
- discussed with the management and the external auditor on the issues concerning accounting policies and practices which may affect the Group, along with financial reporting matters;
- reviewed, determined and made recommendations to the Board on the Company's policies and practices on corporate governance;
- reviewed and monitored the training and continuous professional development of the Directors and the senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and the Directors;
- reviewed the Company's status of compliance with the CG Code and disclosures in the Corporate Governance Report;
- reviewed the effectiveness of the Company's financial reporting system and associated procedures within the Group; and
- reviewed the risk management and internal control systems and the effectiveness of the Company's internal audit function.

The Auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee is satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended the re-appointment of the Auditor. During the Reporting Period, the Audit Committee complied with the code provision D.3.3(e) (i) of the CG Code and meet with the Company's auditors twice.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Leung, Louis Ho Ming	100%
Mr. Jiao Shuge	100%
Mr. Guo Liangzhong	100%

Remuneration Committee

The Company established the Remuneration Committee in compliance with Rules 3.25 and 3.26 of the Listing Rules and code provision E.1.2 of the CG Code.

The Remuneration Committee consists of three members, two Independent Non-executive Directors namely Dr. Zhang Yanyun and Mr. Guo Liangzhong, and one Executive Director namely Dr. Wang Hao. Dr. Zhang Yanyun is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The model of the Remuneration Committee described in code provision E.1.2 (c) (ii) of the CG Code has been adopted by the Company. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages and policy for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration. The Remuneration Committee is also responsible for, among other things, assessing the performance of Directors, reviewing and approving the terms of the Directors' service contracts, and/or approving matters relating to share schemes under Chapter 17. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

During the Reporting Period, the Remuneration Committee met twice to review and make recommendations to the Board on the remuneration policy and packages and other related matters.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Dr. Zhang Yanyun	100%
Dr. Wang Hao	100%
Mr. Guo Liangzhong	100%

Nomination Committee

The Company established the Nomination Committee in compliance with code provision B.3.1 of the CG Code.

The Nomination Committee consists of three members, two Independent Non-executive Directors namely Mr. Guo Liangzhong and Dr. Zhang Yanyun, and one Executive Director Mr. Tao Jing. Mr. Guo Liangzhong is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, gender, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee met twice to review the Board structure, the Board diversity policy and independence of the independent non-executive Directors and other related matters.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Guo Liangzhong	100%
Mr. Tao Jing	100%
Dr. Zhang Yanyun	100%

Director Nomination Policy

The Company adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and the Director Nomination Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs. The Nomination Committee will also report annually on the Board's composition and make appropriate disclosures regarding the Board Diversity Policy in the Corporate Governance Report of the Company's annual reports.

DIVERSITY

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") in accordance with the CG Code, which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to maintain the Company's competitive advantage and enhance its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotech, clinical research, life science, finance, investment, auditing and accounting. They obtained degrees in various areas including medicine, immunology, chemistry, chemical physics, chemical engineering, pharmaceutical analysis, economics, law and accounting. Furthermore, our Directors range from around 41 years old to 68 years old. Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on the appointment of members of the Board.

The Company is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole. Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Gender Diversity

Gender Diversity at Board Level

We recognize that the gender diversity at the Board level can be improved. Gender diversity is achieved in respect of the Board as it is not a single gender board. That said, we will strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female Senior Management and potential successors to our Board in a few years' time.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Company is of the view that this strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run. The Board currently has one female Director. The Company believes that such merit-based selection process with reference to the Board Diversity Policy and the nature of our business will be in the best interests of the Company and its Shareholders as a whole.

Gender Diversity at the Company

The Company also attaches great importance to gender diversity of employees, and delegates the Nomination Committee of the Company to review the gender diversity of employees on a regular basis. As of the end of the Reporting Period, female employees accounted for 61% of the total number of employees, of whom females accounted for 11% of the total number of Directors, and 40% of the total number of mid-level management members.

The Company plans to provide more opportunities to female employees in terms of recruitment and talent cultivation, so as to achieve a more balanced gender mix within the Company.

The Company believes that achieving gender diversity at the Company will be in the best interests of the Company and its Shareholders as a whole.

Details of the gender ratio in the workforce have been disclosed in the Environmental, Social and Governance Report of this report.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board would (i) develop and review the Company's corporate governance policies and practices; (ii) review and monitor training and continuous professional development of the Directors and senior management; (iii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and (v) review the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIVIDEND POLICY

On March 27, 2020, the Board has adopted a dividend policy, retroactive to May 31, 2019, in which the Company may declare dividends in any currency in general meeting but no dividends shall exceed the amount recommended by the Board, subject to the Companies Law of the Cayman Islands and the Articles of Association of the Company. The Board shall comprehensively take into account the results of operations, financial condition, business strategy, operating requirements, capital requirements, Shareholders' interests and any other factors that the Board may deem relevant in forming reasonable distribution proposal. Any distribution of dividends proposed by the Board will be subject to the approval of the Shareholders.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' RESPONSIBILITY AND REMUNERATION

The Company appointed Ernst & Young, Certified Public Accountants as the external auditor for the year ended December 31, 2023. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 163 to 167.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Ernst & Young for the year ended December 31, 2023 are set out in the table below:

Services rendered for the Company	**Fees paid and payable** *RMB'000*
Audit services	**3,200**
Non-audit services	**170**
– ESG Report Consulting Service	170
Total	**3,370**

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the global biologics outsourcing services market, our ability to offer quality biologics discovery, development and manufacturing services, our ability to manage our anticipated growth and to execute on our growth strategies, and our ability to compete with other biologics outsourcing services providers. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business.

In order to meet these challenges, we have developed a risk management framework, which is broken down into the following components:

- Our general property and financial safety risk management system ensures that (i) the comprehensive accounting policies we adopted in connection with our financial reporting risk management are well-observed and effectively implemented and (ii) the regular trainings are well-conducted and attended by our finance staff.

- Our technology risk management system ensures that the research and development is conducted in compliance with the requirement of relevant laws and regulations and industry customs and norms, and our drug manufacturing complies with GMP. The system comprises a confidentiality risk management structure as well as the marketing department's regular issuance of national and global field reports analyzing external product risks.

- Our Audit Committee oversees and manages the overall risks associated with our business operations. Our Audit Committee is responsible for (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

- Our Chief Executive Officer, Dr. Wang Hao, is responsible for (i) formulating and updating our risk management policy and target; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedbacks; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competences are in place across our Group; and (viii) reporting to our Audit Committee on our material risks.

- The relevant departments in our Company, including the finance department, the human resources department, the administration department, the customer support department, the procurement department and the business units, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

- Furthermore, we implement a screening process for potential customers, in order to screen out prospective customers with high risk of third party claims.

Internal Control

We have engaged an internal control consultant to perform certain agreed-upon procedures in connection with the internal control of our Company and our major operating subsidiaries and to launch investigation into our controls and internal controls of various processes, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, fixed assets and assets under construction, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, production and costing, insurance management, research and development and intangible assets. During the Reporting Period and up to the date of this annual report, there was no material issue remaining in relation to the internal controls of our Group.

We have adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. During the Reporting Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- Our Board, as the highest internal control authority, is responsible for promulgating and revising internal control policies, measures and procedures to ensure that we maintain sound and effective internal controls and compliance with applicable laws and regulations. Our CEO implements supervision and management of our internal control policies and decides on certain material matters relating to management and operation. We conduct regular and ad hoc internal audits on the CEO level.

- We have established a sound system to monitor our accounting and budgeting policies. During the first season of each year, our CFO works with our finance department to prepare a preliminary yearly budget plan, which includes estimates on cash flows and major expenditures. The budget plan is submitted to our CEO, who may review and approve within the scope of his authority. The budget items that are beyond the authority of our CEO are submitted to our Board of Directors for approval. Our finance department also submits quarterly financial statements to our senior management and annual financial statements to our senior management and Board of Directors.

- The general manager for each of our operation sites is responsible for implementing the relevant internal control policies, measures and procedures on the site and making regular inspections about the on-site implementation of such policies, measures and procedures.

- We have set up an independent quality assurance department, which is responsible for implementing the relevant internal control policies, measures and procedures relating to the relevant biologics discovery, development or manufacturing stage, educating the relevant employees about such policies, measures and procedures and addressing their questions and making regular inspections about the implementation of such policies, measures and procedures.

- We have adopted various measures and procedures regarding each aspect of our business operation, such as project management, quality assurance, protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training about these measures and procedures to our employees as part of our employee training program. We also constantly monitor the implementation of those measures and procedures through our labor security, insurance, fire services and environmental protection departments and our compliance team for each stage of the biologics development process.

Effectiveness of Risk Management and Internal Control

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee, on behalf of the Board, had conducted a review of the effectiveness of the risk management internal control system of the Company in respect of the Reporting Period and considered the system effective and adequate.

Policy on the Disclosure of Inside Information

The Company has adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. The Board is responsible for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be overseen by the Board. Unless authorised by the Board, staff members of the Group are not permitted to disseminate inside information relating to the Group to any external parties and are not permitted to respond to media or market speculation which may materially affect the trading price or volume of the Shares on the market.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Pursuant to code provision E.1.5 of the CG Code, details of the remuneration by band of the members of the Board and senior management of the Company in respect of their qualifying services, whose biographies are set out on pages 132 to 137 of this annual report, for the Reporting Period are set out below:

Remuneration band	Number of individuals
Below RMB1,000,000	8
RMB1,000,001 to RMB1,500,000	1
Above RMB1,500,000	0

JOINT COMPANY SECRETARIES

Mr. Li Yunfeng, the executive Director and joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Mr. Tsang Ho Yin, a solicitor admitted to practice in Hong Kong, as the joint company secretary to assist Mr. Li Yunfeng in discharging the duties of a company secretary of the Company. His primary contact person at the Company is Mr. Li Yunfeng, the joint company secretary of the Company.

During the Reporting Period, Mr. Li Yunfeng and Mr. Tsang Ho Yin have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company strives to provide ready, equal, regular and timely disclosure of information that is material to the investor community. Therefore, the Company works to maintain effective and on-going communication with Shareholders so that they, along with prospective investors, can exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information. The Company also encourages Shareholders' active participation in annual general meetings and other general meetings or other proper means. To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

The Company has developed and maintains the Shareholders communication policy, which is available on the Company's website.

A summary of the disclosure of interests of the substantial shareholders of the Company is set out on pages 122 to 123 of this annual report.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition. A written requisition shall be deposited at the principal office of the Company in Hong Kong. If within 21 days of such deposit the Board fails to proceed to convene such meeting to be held within a further 21 days, the requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

With regards to proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room A, 18/F, Hong Xiang Centre, 83 Queen's Road East, Wanchai, Hong Kong
Telephone:	+852 2261 0878
Fax:	+852 2261 0728
Email:	yunfeng.li@mabpharm.net

Communication with Shareholders and Investors Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting and other general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.mabpharm.cn where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. During the Reporting period, shareholders can raise questions to the Directors of the Company at the annual general meeting and contact details are available for shareholders to contact the Company directly. The Board reviewed the implementation and effectiveness of the Shareholders' communication policy and the results were satisfactory.

CHANGE IN CONSTITUTIONAL DOCUMENTS

No changes have been made to the Articles of Association by the Company during the Reporting Period. The latest version of Articles of Association are also available on the websites of the Company and the Stock Exchange.

Independent Auditor's Report

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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To the shareholders of Mabpharm Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Mabpharm Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 168 to 255 which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement of research and development expenses	
As disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023, the Group incurred significant research and development ("**R&D**") expenses amounting to approximately RMB123 million. Large portions of the Group's R&D expenses were service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "**Outsourced Service Providers**"). The R&D activities with these Outsourced Service Providers were documented in detailed contracts and were typically performed over an extended period. Recording of these expenses in the appropriate financial reporting period based on the progress of the research and development projects involves estimations. Related disclosures are included in notes 2.4 and 3 to the financial statements.	Our procedures included, among others: • testing the design and implementation of management's control in relation to the accrual of the R&D expenses; • checking contracts entered with and progress reports received from Outsourced Service Providers on a sample basis to evaluate the key estimation adopted by management in setting up the accrual for R&D services received; and • evaluating the adequacy of the accrual of the R&D expenses by comparing the subsequent milestone billings received from the Outsourced Service Providers, if any, with the accrued R&D expenses at the year end.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	87,161	55,918
Cost of sales		(11,923)	(15,375)
Gross profit		75,238	40,543
Other income	6	3,572	27,302
Other gains and losses	7	(1,366)	(4,682)
Selling and distribution expenses		(48,925)	(28,213)
Research and development expenses		(123,211)	(147,906)
Administrative expenses		(104,659)	(90,557)
Impairment losses on financial assets		(427)	(118)
Finance costs	9	(9,578)	(7,188)
Loss before tax	8	(209,356)	(210,819)
Income tax expense	12	–	–
Loss and total comprehensive expense for the year		(209,356)	(210,819)
Attributable to:			
Owners of the Company		(209,356)	(210,819)
Loss per share attributable to ordinary equity holders of the Company	14		
– Basic		RMB(0.05)	RMB(0.05)
– Diluted		RMB(0.05)	RMB(0.05)

Consolidated Statement of Financial Position

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	15	615,232	636,306
Right-of-use assets	16	71,304	67,707
Other non-current assets	17	6,231	11,977
Rental deposit to a related party	33	–	411
Total non-current assets		692,767	716,401
Current assets			
Trade receivables	19	19,423	9,532
Prepayments and other receivables	20	39,084	41,733
Amounts due from a related party	33	398	446
Inventories	18	102,037	100,797
Contract costs	21	7,508	–
Financial assets at fair value through profit or loss ("**FVTPL**")	22	–	15,044
Rental deposit to a related party	33	411	–
Cash and bank balances	23	173,345	33,568
Total current assets		342,206	201,120
Current liabilities			
Trade and other payables	24	150,640	148,328
Amounts due to a related party	33	14	180
Lease liabilities to third parties	16	12,612	8,442
Lease liability to a related party	16	4,386	4,849
Contract liabilities	26	32,724	19,552
Interest-bearing bank and other borrowings	25	108,260	–
Deferred income	27	7,555	7,050
Total current liabilities		316,191	188,401
Net current assets		26,015	12,719
Total assets less current liabilities		718,782	729,120

Consolidated Statement of Financial Position

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current liabilities			
Deferred income	*27*	**11,696**	10,405
Amounts due to a related party	*33*	**70,876**	92,697
Contract liabilities	*26*	**296,338**	112,028
Interest-bearing bank and other borrowings	*25*	**101,469**	84,708
Lease liabilities to third parties	*16*	**33,346**	23,952
Lease liability to a related party	*16*	**–**	4,386
Total non-current liabilities		**513,725**	328,176
Net assets		**205,057**	400,944
Capital and reserves			
Share capital	*28*	**2,804**	2,804
Reserves	*30*	**202,253**	398,140
Total equity		**205,057**	400,944

Wang Hao
Director

Li Yunfeng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Share capital *RMB'000*	Share premium* *RMB'000*	Other reserve* *RMB'000*	Share option reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total equity *RMB'000*
At 1 January 2022	2,804	1,400,504	(32,763)	43,935	(812,499)	601,981
Loss and total comprehensive expense for the year	–	–	–	–	(210,819)	(210,819)
Recognition of equity-settled share-based compensation *(note 29)*	–	–	–	9,782	–	9,782
At 31 December 2022	2,804	1,400,504	(32,763)	53,717	(1,023,318)	400,944
Loss and total comprehensive expense for the year	–	–	–	–	(209,356)	(209,356)
Recognition of equity-settled share-based compensation *(note 29)*	–	–	–	13,469	–	13,469
At 31 December 2023	2,804	1,400,504	(32,763)	67,186	(1,232,674)	205,057

* The reserves accounts comprised of RMB202,253,000 and RMB398,140,000 in the consolidated statements of financial position as at 31 December 2023 and 2022.

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(209,356)	(210,819)
Adjustments for:			
Bank interest income	6	(151)	(382)
Finance costs	9	9,578	7,188
Depreciation of property, plant and equipment	8	51,858	42,573
Depreciation of right-of-use assets	8	8,837	8,976
Gains on disposal of property, plant and equipment	8	–	(33)
Net foreign exchange losses	7	1,367	4,000
Gains on termination of a lease contract	8	–	(240)
Impairment losses on financial assets	8	427	118
Fair value gains on financial assets at FVTPL	8	(342)	(44)
Share-based payment expenses	8	13,469	9,782
		(124,313)	(138,881)
Increase in inventories		(1,240)	(47,586)
(Increase)/decrease in contract costs		(7,508)	9,164
Increase in trade receivables		(10,318)	(8,857)
Decrease in prepayments and other receivables		2,649	17,113
Decrease in other non-current assets		591	6,420
Decrease in amounts due from a related party		48	9,006
Increase in amounts due to a related party		2,632	2,385
(Decrease)/increase in trade and other payables		(4,427)	9,756
Increase in contract liabilities		197,482	93,630
Increase/(decrease) in deferred income		1,796	(9,035)
Net cash flows from/(used in) operating activities		57,392	(56,885)

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from banks	151	382
Purchase of property, plant and equipment	(19,042)	(125,128)
Disposal of property, plant and equipment	–	43
Withdrawal of pledged bank deposits	–	34,748
Proceeds from disposal of FVTPL	15,386	–
Purchase of financial assets at FVTPL	–	(15,000)
Net cash flows used in investing activities	(3,505)	(104,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	123,072	77,332
New loans from a related party	–	45,000
Interest paid	(3,398)	(1,904)
Payment to a related party	(26,003)	(2,999)
Repayments of bank loans	(2,250)	–
Repayments of the principal portion of lease liabilities	(5,824)	(5,167)
Net cash flows from financing activities	85,597	112,262
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	139,484	(49,578)
Cash and cash equivalents at beginning of year	33,568	81,556
Effects of foreign exchange rate changes, net	293	1,590
CASH AND CASH EQUIVALENTS AT END OF YEAR	173,345	33,568

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE AND GROUP INFORMATION

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

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

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

Information about subsidiaries

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

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

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

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

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

2 ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
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*

2 ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their material accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

2 ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset amounting to RMB7,316,000 for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability amounting to RMB7,316,000 for all taxable temporary differences associated with right-of-use assets at 1 January 2022.

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

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

2 ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] No mandatory effective date yet determined but available for adoption

2 ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2 ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and contract costs), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Transportation equipment	19% per annum
Furniture, fixtures and machinery	9.5% to 20% per annum
Buildings	4.75% per annum
Leasehold improvements	Over the shorter of the lease term and 20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	3 to 18 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in a separate line on the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, or making reference to the credit loss experience of similar companies in the market where the Group has not had sufficient credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank and other borrowings, trade and other payables and amounts due to a related party.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions (continued)

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

The revenue from a licence is recognised over time if all of the following criteria are met:

(a) the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights

(b) the rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in (a); and

(c) those activities do not result in the transfer of a good or a service to the customer as those activities occur

Otherwise, revenue is recognised at a point in time when the customer obtains the control of the license.

Revenue from sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally when the products are delivered and accepted by the customers.

Some contracts for the sale of pharmaceutical products provide customers with rights of return and sales rebates giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from sale of pharmaceutical products (continued)

(ii) Sales rebates

Retrospective sales rebates may be provided to certain customers once the products are sold to special sales terminals agreed in the contract. Rebates are offset against amounts payable by the customer arising from its purchase. The most likely amount method is used to estimate the variable consideration. The selected method that best predicts the amount of variable consideration is primarily driven by the volume of products sold to special sales terminals contained in the contract. The requirements on constraining estimates of variable consideration are applied and a liability for the expected future rebates is recognised in contract liabilities.

Revenue from exclusive right for the commercialisation

The revenue will be recognised overtime during the expected commercialisation period after the commercialisation authorisation from the local authorities is obtained.

Revenue from contract development and manufacturing agreement

The Group will recognise the revenue from contract development and manufacturing agreement at a point in time upon delivery of the control of rights of the deliverables and acceptance by the customer.

Revenue from the rendering of contract services

The Group will recognise the revenue from the rendering of contract services at a point in time upon delivery of the control of rights of the deliverables and acceptance by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The capitalised contract costs are charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries operating in Chinese Mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends, if any, are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2 ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group uses RMB as its functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the reporting period, all expenses incurred for research and development activities were expensed when incurred as it is uncertain whether future economic benefits can be generated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Accrual of research and development expenses

The Group relies on contract research organisations, clinical site management operators, and clinical trial centres (collectively referred as "**Outsourced Service Providers**") to conduct, supervise, and monitor the Group's ongoing clinical trials in the PRC. Determining the amounts of research and development expenses incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as the number of patient enrolments, time elapsed and milestone achieved.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

4. OPERATING SEGMENT INFORMATION

Segment information

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

Geographical information

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

Information about a major customer

Revenue of approximately RMB14,151,000 was derived from the exclusive right for the commercialisation in Chinese Mainland with a single customer (2022: RMB23,761,000 was derived from a contract development and manufacturing agreement with a single customer).

5. REVENUE

An analysis of revenue is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Revenue from contracts with customers		
Revenue from the sale of pharmaceutical products	**69,923**	21,544
Revenue from the exclusive right for the commercialisation in Chinese Mainland	**16,601**	10,613
Revenue from the rendering of contract services	**637**	–
Revenue from the contract development and manufacturing agreements	**–**	23,761
Total	**87,161**	55,918

5. REVENUE (continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023 RMB'000	2022 RMB'000
Geographical market		
Chinese Mainland	**87,161**	55,918
Timing of revenue recognition		
Over time	**16,601**	10,613
At a point in time	**70,560**	45,305
Total	**87,161**	55,918

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

	2023 RMB'000	2022 RMB'000
Revenue from the sale of pharmaceutical products	**23**	10
Revenue from the rendering of contract services	**566**	–
Revenue from the contract development and manufacturing agreement	**–**	21,430
Revenue from the exclusive right for the commercialisation in Chinese Mainland	**14,151**	–
Total	**14,740**	21,440

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the products and acceptance by the customer, and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with rights of return and sales rebates which give rise to variable consideration subject to constraint.

Exclusive right for the commercialisation

The performance obligation is satisfied overtime during the expected commercialisation period after the commercialisation authorisation from the local authorities is obtained, with reference to the budgeted manufacture order from the customer (i.e. when the customer receives and consumes the benefits during the commercialisation stage) or the expected product life cycle (10 years).

Contract development and manufacturing agreement with a customer

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

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Revenue from the rendering of contract services

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

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

	2023 *RMB'000*	2022 *RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**42,030**	29,204
Over one year	**304,771**	135,613
Total	**346,801**	164,817

6. OTHER INCOME

	2023 *RMB'000*	2022 *RMB'000*
Bank interest income	**151**	382
Government grants and subsidies related to income	**3,272**	26,920
Others	**149**	–
Total	**3,572**	27,302

7. OTHER GAINS AND LOSSES

	2023 *RMB'000*	2022 *RMB'000*
Net foreign exchange losses	**(1,367)**	(4,000)
Fair value gains on financial assets at FVTPL	**342**	44
Gains on disposal of property, plant and equipment	**–**	33
Gains on termination of a lease contract	**–**	240
Others	**(341)**	(999)
Total	**(1,366)**	(4,682)

8. LOSS BEFORE TAX

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

	2023 *RMB'000*	2022 *RMB'000*
Depreciation for property, plant and equipment	**51,858**	42,573
Depreciation for right-of-use assets	**8,837**	8,976
Gains on disposal of property, plant and Equipment	**–**	(33)
Gains on termination of a lease contract	**–**	(240)
Impairment losses on financial assets		
– Impairment of trade receivables	**427**	118
Fair value gains on financial assets at FVTPL	**(342)**	(44)
Foreign exchange differences, net	**1,367**	4,000
Staff cost (including directors' emoluments):		
– Independent non-executive directors' fee	**324**	308
– Salaries and other benefits	**69,314**	81,212
– Pension scheme contributions	**8,769**	8,368
– Share-based payment expenses	**13,469**	9,782
– Consultation fee	**501**	533
	92,377	100,203
Auditors' remuneration	**3,342**	3,328
Short-term lease payment	**107**	376
Government grants and subsidies related to income	**(3,272)**	(26,920)
Cost of inventories sold and services provided	**11,923**	13,980
Cost of intellectual property transfer agreement of CMAB806	**–**	1,395
Cost of inventories recognised as expense (included in research and development expenses)	**15,682**	18,966

9. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on loans from a related party	1,384	527
Interest on bank and other borrowings	5,642	3,937
Interest on lease liabilities	2,552	2,724
Total	9,578	7,188

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	324	308
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	3,757	3,807
Pension scheme contributions	198	219
Share-based payment expenses	6,667	3,011
Consultation fee	501	533
Subtotal	11,123	7,570
Total fees and other emoluments	11,447	7,878

Certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures. No new share option was granted during the year.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 *RMB'000*	2022 *RMB'000*
Mr. Guo Liangzhong	108	103
Dr. Zhang Yanyun	108	103
Dr. Liu Linqing	–	47
Mr. Liang Haoming	108	55
Total	324	308

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive

	Salaries, bonuses, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment expenses *RMB'000*	Consultation fee *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2023					
Executive directors:					
Dr. Wang Hao	1,067	56	4,473	–	5,596
Dr. Li Jing *(note i)*	814	–	583	–	1,397
Dr. Hou Sheng *(note i)*	64	6	–	–	70
Mr. Li Yunfeng	928	68	583	–	1,579
Mr. Tao Jing	884	68	583	–	1,535
Subtotal	3,757	198	6,222	–	10,177
Non-executive directors:					
Mr. Jiao Shuge	–	–	–	–	–
Dr. Qian Weizhu *(note i)*	–	–	445	–	445
Mr. Guo Jianjun *(note i)*	–	–	–	501	501
Subtotal	–	–	445	501	946
Total	3,757	198	6,667	501	11,123

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

	Salaries, bonuses, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment expenses *RMB'000*	Consultation fee *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2022					
Executive directors:					
Dr. Wang Hao	1,072	63	2,165	–	3,300
Dr. Li Jing	886	30	282	–	1,198
Mr. Li Yunfeng	923	63	282	–	1,268
Mr. Tao Jing	926	63	282	–	1,271
Subtotal	3,807	219	3,011	–	7,037
Non-executive directors:					
Mr. Jiao Shuge	–	–	–	–	–
Mr. Guo Jianjun	–	–	–	533	533
Subtotal	–	–	–	533	533
Total	3,807	219	3,011	533	7,570

Note:

i. On 28 November 2023, Dr. Li Jing resigned as an executive director and Dr. Hou Sheng was appointed to replace her vacancy; and Mr. Guo Jianjun resigned as an non-executive director and Dr. Qian Weizhu was appointed to replace his vacancy. The amounts disclosed in this note represented the remuneration of the directors in respect of their qualifying services.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

The consultation fee paid to the non-executive director, Mr. Guo Jianjun, was for his advisory services provided to the Group.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five directors, one of which being the chief executive (2022: five directors, one of which being the chief executive), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining one (2022: one) highest paid employee who was neither a director nor chief executive of the Company are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Salaries, bonuses, allowances and benefits in kind	**896**	988
Pension scheme contributions	**63**	58
Share-based payment expenses	**–**	–
Total	**959**	1,046

The remuneration of the non-director and non-chief executive highest paid employee fell within the following band:

	Number of employees	
	2023	2022
HK$1,000,001 to HK$1,500,000	**1**	1

12. INCOME TAX

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

Hong Kong profits tax is provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profits tax during the year.

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

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

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

Pursuant to the relevant EIT Laws, Taizhou Pharmaceutical enjoyed a super deduction of 175% on qualifying research and development expenditures during the nine months from 1 January 2022 to 30 September 2022 and of 200% during the period from 1 October 2022 to 31 December 2023.

12. INCOME TAX (continued)

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

	2023 *RMB'000*	2022 *RMB'000*
Loss before tax	**(209,356)**	(210,819)
Income tax expense calculated at 25%	**(52,339)**	(52,705)
Effect of different tax rates of subsidiaries operating in other jurisdictions and enacted by local authority	**20,989**	19,108
Tax effect of expenses not deductible for tax purposes	**2,110**	3,496
Effect of research and development expenses that are additionally deducted	**(7,221)**	(12,062)
Tax effect of tax losses and deductible temporary differences not recognised	**36,461**	42,163
Income tax expense recognised in profit or loss	**–**	–

The Group has unused tax losses of RMB1,264,261,000 available for offset against future profits as of 31 December 2023 (2022: RMB1,084,752,000). The tax losses of the entity will expire in one to ten years for offsetting against taxable profits of the companies in which the losses arose. The Group had deductible temporary differences of RMB207,972,000 at 31 December 2023 (2022: RMB157,027,000), which are mainly related to deferred income and accrued expenses.

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

13. DIVIDENDS

No dividend was paid or proposed for holders of ordinary shares of the Company for the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

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

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

	2023 *RMB'000*	2022 *RMB'000*
Loss attributable to ordinary equity holders of the Company for the purpose of calculating basic loss per share	**(209,356)**	(210,819)

	2023 *'000*	2022 *'000*
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**4,124,080**	4,124,080

The calculation of diluted loss per share amounts for the years ended 31 December 2023 and 2022 did not assume the exercise of the pre-IPO share options since its inclusion would be anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

	Transportation equipment *RMB'000*	Furniture, fixtures and machinery *RMB'000*	Leasehold improvements *RMB'000*	Buildings *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	878	334,266	78,788	117,918	239,122	770,972
Accumulated depreciation	(621)	(101,468)	(22,780)	(9,797)	–	(134,666)
Net carrying amount	257	232,798	56,008	108,121	239,122	636,306
At 1 January 2023, net of accumulated depreciation	257	232,798	56,008	108,121	239,122	636,306
Additions	–	1,065	–	–	29,719	30,784
Depreciation provided during the year	(122)	(33,674)	(7,895)	(10,167)	–	(51,858)
Transfer from CIP	–	21,325	–	80,291	(101,616)	–
At 31 December 2023, net of accumulated depreciation	135	221,514	48,113	178,245	167,225	615,232
At 31 December 2023:						
Cost	878	356,656	78,788	198,209	167,225	801,756
Accumulated depreciation	(743)	(135,142)	(30,675)	(19,964)	–	(186,524)
Net carrying amount	135	221,514	48,113	178,245	167,225	615,232

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Transportation equipment *RMB'000*	Furniture, fixtures and machinery *RMB'000*	Leasehold improvements *RMB'000*	Buildings *RMB'000*	Construction in progress ("CIP") *RMB'000*	Total *RMB'000*
31 December 2022						
At 1 January 2022:						
Cost	1,027	279,927	78,632	117,918	98,401	575,905
Accumulated depreciation	(614)	(72,583)	(14,852)	(4,183)	–	(92,232)
Net carrying amount	413	207,344	63,780	113,735	98,401	483,673
At 1 January 2022, net of accumulated depreciation	413	207,344	63,780	113,735	98,401	483,673
Additions	–	2,705	18	–	192,493	195,216
Disposals	(10)	–	–	–	–	(10)
Depreciation provided during the year	(146)	(28,885)	(7,928)	(5,614)	–	(42,573)
Transfer from CIP	–	51,634	138	–	(51,772)	–
At 31 December 2022, net of accumulated depreciation	257	232,798	56,008	108,121	239,122	636,306
At 31 December 2022:						
Cost	878	334,266	78,788	117,918	239,122	770,972
Accumulated depreciation	(621)	(101,468)	(22,780)	(9,797)	–	(134,666)
Net carrying amount	257	232,798	56,008	108,121	239,122	636,306

At 31 December 2023, a 50,835-square-meter building with a carrying amount of approximately RMB102,520,000 and manufacturing facilities with a carrying amount of approximately RMB200,245,000 were pledged to secure the bank borrowings of the Group.

16. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

	Leasehold land *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
As at 1 January 2022	35,860	41,514	77,374
Additions	–	488	488
Lease modification	–	49	49
Depreciation charge	(771)	(8,205)	(8,976)
Termination of a lease contract	–	(1,228)	(1,228)
As at 31 December 2022 and 1 January 2023	**35,089**	**32,618**	**67,707**
Additions	**–**	**–**	**–**
Lease modification	**–**	**12,434**	**12,434**
Depreciation charge	**(771)**	**(8,066)**	**(8,837)**
As at 31 December 2023	**34,318**	**36,986**	**71,304**

16. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities to third parties

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

	2023 *RMB'000*	2022 *RMB'000*
Carrying amount at 1 January	**32,394**	33,010
New lease	**–**	488
Lease modification	**12,434**	49
Accretion of interest recognised during the year	**2,121**	2,020
Termination of a lease contract	**–**	(1,468)
Payments	**(983)**	(1,750)
Exchange(gain)/loss	**(8)**	45
Carrying amount at 31 December	**45,958**	32,394
Analysed into:		
Current portion	**12,612**	8,442
Non-current portion	**33,346**	23,952

16. LEASES (continued)

The Group as a lessee (continued)

(c) Lease liability to a related party

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

	2023 *RMB'000*	2022 *RMB'000*
Lease liability to Biomabs *(note)*:		
Carrying amount at 1 January	**9,235**	12,680
Accretion of interest recognised during the year	**431**	704
Payments	**(5,280)**	(4,149)
Carrying amount at 31 December	**4,386**	9,235
Analysed into:		
Current portion	**4,386**	4,849
Non-current portion	**–**	4,386

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

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

	2023 *RMB'000*	2022 *RMB'000*
Interest on lease liabilities to third parties	**2,121**	2,020
Interest on lease liability to a related party	**431**	704
Depreciation for right-of-use assets	**8,837**	8,976
Expense relating to short-term leases	**107**	376
Total amount recognised in profit or loss	**11,496**	12,076

17. OTHER NON-CURRENT ASSETS

	2023 *RMB'000*	2022 *RMB'000*
Prepayment for acquisition of property, plant and equipment *(note a)*	**1,421**	6,576
Deposit for construction of production facilities	**3,000**	3,000
VAT recoverable *(note b)*	**1,810**	2,401
Total	**6,231**	11,977

Notes:

a. Prepayment for acquisition of property, plant and equipment is mainly related to the new production facilities on the parcel of industrial land of approximately 100,746 square metres in the Taizhou Hi-tech Zone.

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

18. INVENTORIES

	2023 *RMB'000*	2022 *RMB'000*
Raw materials and consumables	**67,781**	75,353
Work in progress	**23,735**	15,948
Finished Goods	**10,521**	9,496
Total	**102,037**	100,797

19. TRADE RECEIVABLES

	2023 *RMB'000*	2022 *RMB'000*
Trade receivables	**19,968**	9,650
Impairment	**(545)**	(118)
Total	**19,423**	9,532

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 *RMB'000*	2022 *RMB'000*
Within 3 months	**16,454**	8,357
4 to 6 months	**2,182**	1,166
7 to 9 months	**109**	9
10 to 12 months	**678**	–
Total	**19,423**	9,532

19. TRADE RECEIVABLES (continued)

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

	2023 *RMB'000*	2022 *RMB'000*
At beginning of year	118	–
Impairment losses	427	118
At end of year	545	118

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

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

As at 31 December 2023

	With 3 months	4 to 6 months	7 to 9 months	10 to 12 months	Over 12 months	Total
Expected credit loss rate	0.56%	2.71%	9.06%	31.16%	100.00%	2.73%
Gross carrying amount *(RMB'000)*	16,547	2,243	120	985	73	19,968
Expected credit losses *(RMB'000)*	(93)	(61)	(11)	(307)	(73)	(545)
Net amount *(RMB'000)*	16,454	2,182	109	678	–	19,423

19. TRADE RECEIVABLES (continued)

As at 31 December 2022

	With 3 months	4 to 6 months	7 to 9 months	10 to 12 months	Over 12 months	Total
Expected credit loss rate	0.42%	3.79%	11.11%	33.33%	100.00%	1.22%
Gross carrying amount *(RMB'000)*	8,392	1,212	10	–	36	9,650
Expected credit losses *(RMB'000)*	(35)	(46)	(1)	–	(36)	(118)
Net amount *(RMB'000)*	8,357	1,166	9	–	–	9,532

20. PREPAYMENTS AND OTHER RECEIVABLES

	2023 *RMB'000*	2022 *RMB'000*
Other receivables	**979**	1,484
Prepayments for research and development Services	**11,280**	7,651
Other deposits and prepayments	**3,834**	3,418
VAT recoverable *(note)*	**22,991**	29,180
Total	**39,084**	41,733

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

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As on 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

21. CONTRACT COSTS

	2023 *RMB'000*	2022 *RMB'000*
Cost to fulfil contracts in relation to contract development and manufacturing agreement	**7,508**	–

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 *RMB'000*	2022 *RMB'000*
Financial products	–	15,044

23. CASH AND BANK BALANCES

Cash and bank balances

Cash and bank balances comprise cash at banks and short-term bank deposits with an original maturity of three months or less. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and bank balances that are denominated in currencies as set out below:

	2023 *RMB'000*	2022 *RMB'000*
RMB	172,367	12,221
Hong Kong dollar ("**HK$**")	903	3,587
US dollar ("**US$**")	75	17,751
Singapore dollar ("**SG$**")	–	9
Total	173,345	33,568

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	10,012	16,586
Accrued expenses for research and development services	32,091	39,877
Other payables for purchases of property, plant and equipment	57,831	51,244
Salary and bonus payables	15,160	14,856
Other taxes payable	658	935
Accrued listing expenses and issue costs	11,189	11,037
Other payables	23,699	13,793
Total	150,640	148,328

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

	2023 RMB'000	2022 RMB'000
Within 60 days	4,467	9,794
Over 60 days but within 1 year	5,545	6,792
Total	10,012	16,586

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

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate *(%)*	Maturity	Amount *RMB'000*	Effective interest rate *(%)*	Maturity	Amount *RMB'000*
Current:						
Other loans – unsecured	6.0%	2024	59,183			–
Bank loans – secured *(note)*	One-year loan prime rate ("LPR") +50 bps	2024	49,077			–
Total-current			108,260			–
Non-current:						
Other loans – unsecured	6.0%	2025	1,469	6.0%	2024	55,019
Bank loans – secured *(note)*	One-year loan prime rate ("LPR")	2026	100,000	One-year loan prime rate ("**LPR**") +50 bps	2024	29,689
Total-non current			101,469			84,708
Total			209,729			84,708

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank loans and other loans repayable:		
In the first year	108,260	–
In the second year	1,469	84,708
In the third year	100,000	–
	209,729	84,708

Note: On 31 December 2023, a 100,746-square-meter land in Taizhou Hi-tech Zone with a carrying amount of approximately RMB34,318,000 and a 50,835-square-meter building with a carrying amount of approximately RMB102,520,000 were pledged to the bank to secure the bank borrowings of the Group. The manufacturing facilities with a carrying amount of approximately RMB200,245,000 were pledged to an independent third-party customer to secure entrusted the bank borrowings of the Group.

26. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Amounts received in advance for contract development and manufacturing agreement	6,598	5,378
Amounts received in advance for exclusive right for the commercialisation of CMAB008 overseas	19,340	18,868
Amounts received in advance for exclusive right for the commercialisation of CMAB008 in Chinese Mainland	116,745	107,311
Amounts received in advance for the exclusive licence for the commercialisation of CMAB007	44,719	–
Amounts received in advance for the exclusive licence for the commercialisation of CMAB009	141,509	–
Amounts received in advance for the sale of products	151	23
Total	329,062	131,580
Analysed into:		
Current portion	32,724	19,552
Non-current portion	296,338	112,028

27. DEFERRED INCOME

	2023 RMB'000	2022 RMB'000
Income-related government grants	8,955	7,455
Asset-related government grants	10,296	10,000
Total	19,251	17,455
Analysed into:		
Current portion	7,555	7,050
Non-current portion	11,696	10,405

Movements of income-related government grants:

	2023 RMB'000	2022 RMB'000
At 1 January	7,455	16,490
Government grants received	4,050	17,885
Credited to profit or loss	(2,550)	(26,920)
At 31 December	8,955	7,455

Movements of asset-related government grants:

	2023 RMB'000	2022 RMB'000
At 1 January	10,000	10,000
Government grants received	296	–
At 31 December	10,296	10,000

27. DEFERRED INCOME (continued)

During the year ended 31 December 2023, the Group received government grants of RMB4,346,000 (2022: RMB17,885,000) to compensate for the expense of Group's research projects. The grants related to income were recognised in profit or loss upon the compliance of the Group with the conditions attached to the grants and the government acknowledged acceptance. The grants related to assets were deducted from the calculation of the carrying amount of the assets upon the compliance of the Group with the conditions attached to the grants and the government acknowledged acceptance and were recognised in profit or loss in the form of reduced depreciation charges over the remaining lives of the depreciable assets.

28. SHARE CAPITAL

	2023 *RMB'000*	2022 *RMB'000*
Issued and fully paid:		
4,124,080,000 (2022: 4,124,080,000) ordinary shares	**2,804**	2,804

29. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's Pre-IPO Share Option Scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 10 August 2018 for the primary purpose of providing incentives to directors of the Company and eligible employees of the Group. Under the Scheme, 1,875,000 options were granted on 18 August 2018 to directors of the Company and eligible employees of the Group to subscribe for shares in the Company, which will expire on 17 August 2028.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

The Scheme has a service condition that shall vest over an 8-year period, with 20%, 20%, 20%, 20% and 20% of the total number of the options granted to be vested on the fourth, fifth, sixth, seventh and eighth anniversaries of the listing date, respectively.

The exercise price in relation to each option granted shall be the final offer price per share at which the shares are to be acquired by the investors pursuant to the Hong Kong Public Offering and the International Offering, which shall not be less than the par value of the shares, provided that the exercise price shall be adjusted in the event of any capitalisation issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company.

On 8 April 2019, a shareholders' resolution about the capitalisation issue was passed and after taking account of the capitalisation issue, the number of share options was increased to 83,512,500.

The following table discloses details of the movements of the outstanding options granted under the Scheme during the year ended 31 December 2023:

	2023		2022	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	HK$1.5	76,469	HK$1.5	78,376
Forfeited during the year		(347)		(1,907)
At 31 December	HK$1.5	76,122	HK$1.5	76,469

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2023

Number of options *'000*	**Exercise price** *per share*	**Exercise period**
76,122	HK$1.5	31 May 2023 to 17 August 2028

2022

Number of options *'000*	**Exercise price** *per share*	**Exercise period**
76,469	HK$1.5	31 May 2023 to 17 August 2028

The Group recognised the total expense of RMB13,469,000 during the year ended 31 December 2023 (2022: RMB9,782,000) in relation to share options granted by the Company.

At the end of the reporting period, the Company had 76,122,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 76,122,000 additional ordinary shares of the Company and additional share capital of US$7,612 (equivalent to RMB59,659) and reserve of RMB103,419,000 (before issue expense).

At the date of approval of these financial statements, the Company had 74,956,000 share options outstanding under the Scheme, which represented approximately 1.8% of the Company's shares in issue as at that date.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 171 of the financial statements.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB12,434,000 (2022: additions to right-of-use assets of RMB537,000) and RMB12,434,000 (2022: additions to lease liabilities of RMB537,000), respectively, in respect of lease arrangements for buildings.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Amounts due to a related party *RMB'000*	Accrued listing expenses and issue costs *RMB'000*	Amounts due from a related party *RMB'000*	Interest-bearing bank and other borrowings *RMB'000*	Lease liabilities to third parties and lease liability to a related party *RMB'000*	Total *RMB'000*
At 1 January 2023	45,527	11,037	(446)	84,708	41,629	182,455
Changes from financing cash flows	(26,003)	–	–	117,863	(6,263)	85,597
Interest on a related party	1,384	–	–	–	–	1,384
Interest on bank and other borrowings	–	–	–	5,642	–	5,641
Interest on lease liabilities	–	–	–	–	2,552	2,552
Lease modification	–	–	–	–	12,434	12,434
Unrealised exchange losses	–	152	–	1,516	(8)	1,661
Expenses incurred in clinical business paid by a related party on behalf of the Group	2,656	–	48	–	–	2,704
At 31 December 2023	23,564	11,189	(398)	209,729	50,344	294,428

	Amounts due to a related party *RMB'000*	Accrued listing expenses and issue costs *RMB'000*	Amounts due from a related party *RMB'000*	Interest-bearing bank and other borrowings *RMB'000*	Lease liabilities to third parties and lease liability to a related party *RMB'000*	Total *RMB'000*
At 1 January 2022	739	10,103	(603)	–	45,690	55,929
Changes from financing cash flows	42,001	–	–	76,160	(5,899)	112,262
Interest on a related party	527	–	–	–	–	527
Interest on bank and other borrowings	–	–	–	3,937	–	3,937
Interest on lease liabilities	–	–	–	–	2,724	2,724
Lease addition	–	–	–	–	488	488
Lease modification	–	–	–	–	49	49
Termination of a lease contract	–	–	–	–	(1,468)	(1,468)
Unrealised exchange losses	–	934	–	4,611	45	5,590
Expenses incurred in clinical business paid by a related party on behalf of the Group	2,260	–	157	–	–	2,417
At 31 December 2022	45,527	11,037	(446)	84,708	41,629	182,455

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within operating activities	**107**	376
Within financing activities	**6,263**	5,899
	6,370	6,275

32. CAPITAL COMMITMENTS

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

	2023 *RMB'000*	2022 *RMB'000*
Contracted but not provided *(note)*	**3,978**	20,760

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

33. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed in note 16 to the financial statements, the Group had the following transactions with related parties during the year:

	2023 *RMB'000*	2022 *RMB'000*
Expenses incurred on contract development and manufacturing agreement:		
Shanghai Biomabs Pharmaceuticals Co., Ltd. ("**Biomabs**")	–	8,849
Expenses incurred in clinical business and CMAB807 paid by a related party on behalf of the Group:		
Biomabs	2,704	2,417
Repayments to a related party regarding the expenses incurred in clinical business and CMAB807 paid by a related party on behalf of the Group:		
Biomabs	2,656	2,999
Repayment of loans to a related party-unsecured:		
Biomabs *(note a)*	(22,500)	–
Loans from a related party-unsecured:		
Biomabs *(note a)*	–	45,000
Interest on loans from a related party:		
Biomabs	1,384	527
Interest on loans repaid to a related party:		
Biomabs	847	–

Notes:

a. In September 2022, the Group borrowed unsecured loans from Biomabs amounting to RMB45,000,000 with an annual interest rate of 3.7%. The term of the loans is from the date on receiving the loan by the Group to 31 December 2024. In October 2023, the Group repaid an amount of RMB22,500,000 to Biomabs including corresponding accumulated interest. In December 2023, the Group renewed the loan contract and extended the maturity date to 31 December 2027.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

	2023 *RMB'000*	2022 *RMB'000*
Rental deposit to a related party:		
Biomabs	**411**	411
Prepayments – non-trade nature		
Biomabs	**398**	446
Amounts due to a related party:		
Trade payables		
Biomabs *(note a)*	**47,326**	47,350
Interest payables		
Biomabs	**1,064**	527
Loans payables		
Biomabs	**22,500**	45,000
Total	**70,890**	92,877
Analysed into:		
Current portion	**14**	180
Non-current portion	**70,876**	92,697
Total	**70,890**	92,877

Non-trade payables to Biomabs are unsecured, non-interest-bearing and repayable on demand.

Notes:

a. In March 2021, the Group entered into an agreement with Biomabs in relation to the acquisition of the intellectual property in connection with CMAB807 from Biomabs at a consideration of RMB66,038,000 (excluding value added tax). On 29 December 2023, the Group entered into a supplemental agreement with Biomabs, pursuant to which, the maturity date of the outstanding payable balance of RMB47,170,000 was extended to 31 December 2027.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties: (continued)

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

	2023 *RMB'000*	2022 *RMB'000*
Within 60 days	**14**	180
Over 60 days but within 1 year	**–**	–
Over 1 year	**47,170**	47,170
Total	**47,184**	47,350

(c) Compensation of key management personnel of the Group

	2023 *RMB'000*	2022 *RMB'000*
Salaries, bonuses, allowances and benefits in kind	**3,757**	4,311
Pension scheme contributions	**198**	247
Directors' fee	**324**	308
Share-based compensation	**6,667**	4,968
Consultation fee	**501**	533
Total	**11,447**	10,367

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2023

Financial assets

	Financial assets at amortised cost *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets	3,979
Rental deposit to a related party	411
Trade receivables	19,423
Cash and bank balances	173,345
Total	197,158

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in trade and other payables	134,822
Interest-bearing bank and other borrowings	209,729
Amounts due to a related party	70,890
Total	415,441

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets	–	4,484	4,484
Rental deposit to a related party	–	411	411
Trade receivables	–	9,532	9,532
Financial assets at fair value through profit or loss	15,044	–	15,044
Cash and bank balances	–	33,568	33,568
Total	15,044	47,995	63,039

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in trade and other payables	132,537
Interest-bearing bank and other borrowings	84,708
Amounts due to a related party	92,877
Total	310,122

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments and other receivables, rental deposit to a related party (in the current portion), financial liabilities included in trade and other payables, amounts due to a related party (in the current portion), interest-bearing bank and other borrowings (in the current portion) and lease liabilities (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of financial assets and liabilities included in other non-current assets, non-current portion of interest-bearing bank and other borrowings and the non-current portion of amounts due to related parties have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2023 were assessed to be insignificant.

The Group invests in unlisted investments, which represent financial products issued by the bank. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. Further details are set out in note 22 to the financial statements.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
As at 31 December 2022				
Financial assets at FVTPL	–	15,044	–	15,044

The Group did not have any financial assets measured at fair value as at 31 December 2023. The Group did not have any financial liabilities measured at fair value as at 31 December 2023 and 2022.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, interest-bearing bank and other borrowings, and amounts due to a related party. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as a rental deposit to a related party, trade receivables, financial assets included in prepayments and other receivables and other non-current assets and financial liabilities included in trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
31 December 2023			
RMB-denominated borrowings	**50**	**(745)**	**(745)**
RMB-denominated borrowings	**(50)**	**745**	**745**
31 December 2022			
RMB-denominated borrowings	50	(148)	(148)
RMB-denominated borrowings	(50)	148	148

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Certain bank balances and cash and pledged bank deposits are denominated in foreign currencies of the respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Group's management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (arising from US$ and HK$denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency *%*	**Increase/ (decrease) in loss before tax** *RMB'000*	**Increase/ (decrease) in equity** *RMB'000*
31 December 2023			
If RMB weakens against US$	**5**	**(2,955)**	**(2,955)**
If RMB strengthens against US$	**(5)**	**2,955**	**2,955**
If RMB weakens against HK$	**5**	**(28)**	**(28)**
If RMB strengthens against HK$	**(5)**	**28**	**28**
31 December 2022			
If RMB weakens against US$	5	(1,863)	(1,863)
If RMB strengthens against US$	(5)	1,863	1,863
If RMB weakens against HK$	5	179	179
If RMB strengthens against HK$	(5)	(179)	(179)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise cash and bank balances, trade receivables, a rental deposit to a related party, and financial assets included in prepayments and other receivables and other non-current assets with a maximum exposure equal to the carrying amount of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets *(note a)*	3,979	–	–	–	3,979
Rental deposit to a related party	411	–	–	–	411
Trade receivables *(note b)*	–	–	–	19,423	19,423
Cash and bank balances – Not yet past due	173,345	–	–	–	173,345
Total	177,735	–	–	19,423	197,158

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Financial assets included in prepayments and other receivables and other non-current assets *(note a)*	4,484	–	–	–	4,484
Rental deposit to a related party	411	–	–	–	411
Trade receivables *(note b)*	–	–	–	9,532	9,532
Cash and bank balances – Not yet past due	33,568	–	–	–	33,568
Total	38,463	–	–	9,532	47,995

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

Notes:

a. The credit quality of the financial assets included in prepayments and other receivables and other non-current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

b. For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023			
	Less than 1 year or on demand *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Amounts due to a related party	14	74,206	–	74,220
Financial liabilities included in trade and other payables	134,822	–	–	134,822
Interest-bearing bank and other borrowings	114,897	108,241	–	223,138
Lease liabilities to third parties	14,173	16,337	19,879	50,389
Lease liability to a related party	4,526	–	–	4,526
Total	268,432	198,784	19,879	487,095

	2022			
	Less than 1 year or on demand *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Amounts due to a related party	180	96,027	–	96,207
Financial liabilities included in trade and other payables	132,537	–	–	132,537
Interest-bearing bank and other borrowings	1,208	93,827	–	95,035
Lease liabilities to third parties	9,479	16,690	15,495	41,664
Lease liability to a related party	5,280	4,526	–	9,806
Total	148,684	211,070	15,495	375,249

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards equity attributable to owners of the Company as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets with reference to the gearing ratio. To maintain or adjust the capital structure, the Group may redeem existing shares, issue new shares or issue new debts. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

	2023	2022
	RMB'000	*RMB'000*
Total liabilities	**829,916**	516,577
Total assets	**1,034,973**	917,521
Gearing ratio	**80.2%**	56.3%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Non-current assets		
Plant and equipment	18	29
Right-of-use assets	474	692
Other non-current assets	–	54
Investments in subsidiaries	1,402,197	1,388,728
	1,402,689	1,389,503
Current assets		
Prepayments and other receivables	58	422
Amounts due from a subsidiary	10,945	10,951
Cash and bank balances	599	3,969
	11,602	15,342
Current liabilities		
Trade and other payables	10,530	12,821
Lease liability to a third party	–	726
	10,530	13,547
Net current assets	1,072	1,795
Total assets less current liabilities	1,403,761	1,391,298
Net assets	1,403,761	1,391,298
Capital and reserves		
Share capital	2,804	2,804
Reserves *(note)*	1,400,957	1,388,494
Total equity	1,403,761	1,391,298

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	Share option reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2022	1,400,504	43,935	(64,589)	1,379,850
Loss and total comprehensive expense for the year	–	–	(1,138)	(1,138)
Recognition of equity-settled share-based compensation	–	9,782	–	9,782
At 31 December 2022 and 1 January 2023	**1,400,504**	**53,717**	**(65,727)**	**1,388,494**
Loss and total comprehensive expense for the year	**–**	**–**	**(1,006)**	**(1,006)**
Recognition of equity-settled share-based compensation	**–**	**13,469**	**–**	**13,469**
At 31 December 2023	**1,400,504**	**67,186**	**(66,733)**	**1,400,957**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2024.

Five Year Financial Summary

	For the year ended December 31,				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)	(audited)
Revenue	**87,161**	55,918	82,882	–	–
Cost of sales	**(11,923)**	(15,375)	(16,777)	–	–
Gross profit	**75,238**	40,543	66,105	–	–
Other income	**3,572**	27,302	14,818	32,237	17,999
Other expenses	**–**	–	–	–	(4,127)
Other gains and losses	**(1,366)**	(4,682)	(6,637)	(26,714)	15,962
Selling and distribution expenses	**(48,925)**	(28,213)	(9,423)	–	–
Research and development expenses	**(123,211)**	(147,906)	(263,572)	(120,418)	(134,189)
Administrative expenses	**(104,659)**	(90,557)	(90,632)	(65,795)	(62,952)
Impairment losses on financial assets	**(427)**	(118)	–	–	–
Finance costs	**(9,578)**	(7,188)	(2,403)	(3,942)	(7,695)
Listing expenses	**(209,356)**	–	–	–	(27,527)
Loss before tax	**–**	(210,819)	(291,744)	(184,632)	(202,529)
Income tax credit	**(209,356)**	–	–	–	–
Loss and total comprehensive expense for the year	**(209,356)**	(210,819)	(291,744)	(184,632)	(202,529)
Total comprehensive expense attributable to:					
Owners of the Company	**–**	(210,819)	(291,744)	(184,632)	(202,529)
Non-controlling interests	**–**	–	–	–	–
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Loss per share					
– Basic	**(0.05)**	(0.05)	(0.07)	(0.04)	(0.05)
– Diluted	**(0.05)**	(0.05)	(0.07)	(0.04)	(0.05)

	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)	(audited)
Non-current assets	**692,767**	716,401	652,132	593,911	441,338
Current assets	**342,206**	201,120	247,770	569,126	955,139
Current liabilities	**316,191**	188,401	235,004	202,627	270,334
Net current assets	**26,015**	12,719	12,766	366,499	684,805
Non-current liabilities	**513,725**	328,176	62,917	78,925	72,432
Net assets	**205,057**	400,944	601,981	881,485	1,053,711

Definitions

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

"Articles of Association"	the amended and restated articles of association of the Company adopted on April 8, 2019 with effect from Listing, as amended on June 17, 2022 and from time to time
"Asia Mabtech"	Asia Mabtech Limited, a limited liability company incorporated in the BVI on November 23, 2017 and one of the Controlling Shareholders
"Asia Pacific Immunotech Venture"	Asia Pacific Immunotech Venture Limited, a limited liability company incorporated in the BVI on July 23, 2018 and one of the Controlling Shareholders
"Audit Committee"	the audit committee of the Board
"Biomabs"	Shanghai Biomabs Pharmaceuticals Co., Ltd. (上海百邁博製藥有限公司), a limited liability company incorporated in the PRC on October 16, 2009 and a direct wholly-owned subsidiary of Sinomab as of the date of this annual report
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CDH"	CDH PE and CDH VC
"CDH PE"	CDH Mabtech Limited, a limited liability company incorporated in the Cayman Islands
"CDH VC"	Genemab Holding Limited, a limited liability company incorporated in the BVI
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company"	Mabpharm Limited (邁博药业有限公司), an exempted company incorporated in the Cayman Islands with limited liability on June 1, 2018 and whose Shares are listed on the Stock Exchange on the Listing Date

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Financial Statements"	the audited consolidated financial statements of the Group
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Guo Jianjun, Guo Family Trustee, Asia Pacific Immunotech Venture, Asia Mabtech and United Circuit
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this annual report, our Core Products include CMAB007, CMAB009 and CMAB008
"Director(s)"	the director(s) of our Company
"FH Investment"	Fortune-Healthy Investment Limited, a limited liability company incorporated in the BVI
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"Guo Family Trust"	Guo Family Trust, a trust created by Mr. Guo Jianjun on August 8, 2018 under the laws of BVI for the benefit of his family members, for which Guo Family Trustee serves as trustee
"Guo Family Trustee"	Guo Family (PTC) Limited, a limited liability company incorporated in the BVI on March 1, 2018 and the trustee of the Guo Family Trust

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"independent third party(ies)"	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"IPO"	initial public offering
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange on May 31, 2019
"Listing Date"	May 31, 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the Main Board of the Stock Exchange
"Memorandum"	the memorandum of association of the Company, as amended, modified or otherwise supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"MTJA"	Shanghai Sinomab Biotechnology Co., Ltd.* (上海邁泰君奧生物技術有限公司) (formerly known as Shanghai Bai'an Medical Star Investment Co., Ltd.* (上海百安醫星投資有限公司)), a limited liability company incorporated in the PRC on May 30, 2012, a former indirect wholly-owned subsidiary of Sinomab, and an independent third party since July 2019
"NMPA"	National Medical Products Administration (國家藥品監督管理局) of China, formerly known as China's Food and Drug Administration ("CFDA") (國家食品藥品監督管理局) or China's Drug Administration ("CDA") (國家藥品監督管理局); references to NMPA include CFDA and CDA

"PRC"	the People's Republic of China, excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus issued by the Company on May 20, 2019 in connection with the Hong Kong public offering of the Shares
"Reporting Period"	the year from January 1, 2023 to December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	ordinary share(s) in the capital of the Company with nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of Share(s)
"Shengheng Biotech"	Shanghai Shengheng Biotechnology Limited* (上海晟珩生物技術有限公司), a limited liability company incorporated in the PRC on August 28, 2018 and an indirect wholly-owned subsidiary of the Company
"Sinomab"	Sinomab Limited (formerly known as Mabtech Limited), a limited liability company incorporated in the Cayman Islands on September 4, 2014, and a company which the controlling shareholder of the Company and its associate indirectly control 66.67% voting rights in aggregate as of the date of this annual report
"Sinomab Group"	Sinomab and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Taizhou Pharmaceutical"	Taizhou Mabtech Pharmaceutical Limited* (泰州邁博太科藥業有限公司), a limited liability company incorporated in the PRC on February 4, 2015 and an indirect wholly-owned subsidiary of the Company
"United Circuit"	United Circuit Limited (域聯有限公司), a limited liability company incorporated in the BVI on August 25, 2015 and one of the Controlling Shareholders
"Zhangjiang Biotech"	Shanghai Zhangjiang Biotechnology Co., Ltd.* (上海張江生物技術有限公司), a limited liability company incorporated in the PRC on December 7, 1998 and was an indirect wholly-owned subsidiary of Sinomab from February 2015 to July 2017, and an independent third party thereafter

* *For Identification Only*

Glossary of Technical Terms

"allergic asthma"	a common long-term inflammatory disease of the airways of the lungs. It is characterized by variable and recurring symptoms, reversible airflow obstruction, and bronchospasm. Symptoms include episodes of wheezing, coughing, chest tightness, and shortness of breath. These episodes may occur a few times a day or a few times per week. Depending on the person, they may become worse at night or with exercise
"autoimmune disease"	diseases such as rheumatoid arthritis and lupus which arise from an abnormal immune response of the body against substances and tissues normally present in the body
"biosimilar"	also known as follow-on biologic or subsequent entry biologic. It is a biologic medical product that is almost an identical copy of an original product that is manufactured by a different company. Biosimilars are officially approved versions of original "innovator" products and can be manufactured when the original product's patent expires. A biosimilar product is similar in terms of quality, safety and efficacy to a reference medicinal product, which has been granted a marketing authorisation on the basis of a complete dossier in the community
"carcinoma"	a type of cancer that develops from epithelial cells. Specifically, a carcinoma is a cancer that begins in a tissue that lines the inner or outer surfaces of the body, and that arises from cells originating in the endodermal, mesodermal or ectodermal germ layer during embryogenesis
"cell culture"	the process by which cells are grown under controlled conditions, generally outside of their natural environment
"cell line"	a cell culture developed from a single cell and therefore consisting of cells with a uniform genetic makeup

"cetuximab"	an EGFR antagonist approved by the FDA for the treatment of KRAS wild-type, EGFR-expressing, metastatic colorectal cancer under certain conditions
"Chinese hamster ovary cell" or "CHO"	the ovary of the Chinese hamster, of which cell lines are derived from and often used in biological and medical research and commercial production of therapeutic proteins
"CDMO"	Contract Development and Manufacturing Organization
"CMAB007"	one of our Core Products, a recombinant humanized anti-IgE monoclonal antibody
"CMAB008"	one of our Core Products, a recombinant anti-TNF-alpha chimeric monoclonal antibody and our new drug candidate based on infliximab
"CMAB009"	one of our Core Products, a recombinant anti-EGFR chimeric monoclonal antibody
"CMAB018"	Mepolizumab biosimilar drug candidate in the preclinical stage, used to treat diseases such as asthma and eosinophilic granulomatous polyangiitis
"CMAB807"	is a Denosumab, a human IgG2 monoclonal antibody with affinity and specificity for human RANKL (receptor activator of nuclear factor kappa-B ligand), which is a transmembrane or soluble protein essential for the formation, function, and survival of osteoclasts, the cells responsible for bone resorption
"CMAB819"	a phase I clinical trial new drug candidate based on nivolumab for the treatment of metastatic non-small cell lung cancer and hepatocellular carcinoma
"CRO"	a contract research organization, which provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis

Glossary of Technical Terms

"cytokine"	a broad and loose category of small proteins that are important in cell signaling. Their release has an effect on the behavior of target cells
"EGFR"	epidermal growth factor receptor Glossary of Technical Terms
"FDA"	Food and Drug Administration of the United States
"GMP"	good manufacturing practices
"GPO"	group purchasing organizations
"HER2"	human epidermal growth factor receptor 2
"IBD"	inflammatory bowel disease
"ICS"	inhaled corticosteroids
"ICS/LABA"	inhaled corticosteroid/long acting beta adrenoceptor agonists treatment
"IgE"	immunoglobulin E

"IgG1 κ" or "IgG1 kappa"	immunoglobulin G (IgG), a type of antibody. Representing approximately 75% of serum antibodies in humans, IgG is the most common type of antibody found in blood circulation. IgG molecules are created and released by plasma B cells. Each IgG has two antigen binding sites. There are four IgG subclasses (IgG1, 2, 3, and 4) in humans, named in order of their abundance in serum (IgG1 being the most abundant). IgG antibodies are large molecules of about 150 kDa made of four peptide chains. It contains two identical classheavy chains of about 50 kDa and two identical light chains of about 25 kDa, thus a tetrameric quaternary structure. There are two types of light chain in humans kappa (κ) chain and lambda (λ) chain. Only one type of light chain is present in a typical antibody, thus the two light chains of an individual antibody are identical. IgG1 κ is an antibody molecule which contains two γ1 heavy chains and two κ light chains
"immunoglobulin" or "Ig"	an antibody (Ab), also known as an immunoglobulin (Ig). It is a large, Y-shaped protein produced mainly by plasma cells that is used by the immune system to neutralize pathogens such as pathogenic bacteria and viruses. The antibody recognizes a unique molecule of the pathogen, called an antigen, via the Fab's variable region
"infliximab"	a chimeric IgG1 κ monoclonal antibody (composed of human constant and murine variable regions) specific for human tumor necrosis factor-alpha used for adult patients with moderately to severely active rheumatoid arthritis in combination with methotrexate

Glossary of Technical Terms

"in vitro"	Latin for "in glass", studies in vitro are conducted using components of an organism that have been isolated from their usual biological surroundings, such a microorganisms, cells or biological molecules
"in vivo"	Latin for "within the living", studies in vivo are those in which the effects of various biological or chemical substances are tested on whole, living organisms as opposed to a partial or dead organism, or those done in vitro
"LABA"	long-acting beta2-agonists
"mCRC"	metastatic colorectal cancer
"monoclonal antibody" or "mAb"	an antibody produced by a single clone of immune cells or cell line and consisting of identical antibody molecules
"NDA"	new drug application
"nivolumab"	a human immunoglobulin G4 (IgG4) monoclonal antibody, which targets the negative immunoregulatory human cell surface receptor programmed death-1 (PD1, PCD1) with immune checkpoint inhibitory and antineoplastic activities
"omalizumab"	anti-IgE humanized IgG1κ monoclonal antibody used to reduce sensitivity to allergens
"oncology"	a branch of medicine that deals with tumors, including study of their development, diagnosis, treatment and prevention
"pathogen"	infectious agent such as a bacterium, fungus, virus, or other micro-organism
"PD"	programmed death
"pharmacodynamics"	the study of how a drug affects an organism, which, together with pharmacokinetic, influences dosing, benefit, and adverse effects of the drug

"pharmacokinetic"	the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"phase I clinical trial(s)"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"phase II clinical trial(s)"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"phase III clinical trial(s)"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"PIC/S"	Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme
"pre-clinical stage"	testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials

Glossary of Technical Terms

"R&D"	research and development
"RA" or "rheumatoid arthritis"	a chronic, systemic inflammatory disorder that may affect many tissues and organs, but principally attacks synovial joints
"recombinant"	the formation by the processes of crossing-over and independent assortment of new combination of genes in progeny that did not occur in the parents
"TNF"	tumor necrosis factor
"TNF-α" or "TNF-alpha"	tumor necrosis factor (TNF, tumor necrosis factor alpha, TNFα, cachexin, or cachectin). It is a cell signaling protein (cytokine) involved in systemic inflammation and is one of the cytokines that make up the acute phase reaction. It is produced chiefly by activated macrophages, although it can be produced by many other cell types such as CD4+ lymphocytes, NK cells, neutrophils, mast cells, eosinophils, and neurons
"vector"	an agent (such as a plasmid or virus) that contains or carries modified genetic material (such as recombinant DNA) and can be used to introduce exogenous genes into the genome of an organism