ALPHAMAB ONCOLOGY

康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9966)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the "**Board**") of directors (the "**Directors**") of Alphamab Oncology (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2022 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2021. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the Company's auditors.

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

FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2022	2021
	RMB' 000	*RMB' 000*
Revenue	**166,845**	146,021
Cost of sales	**(44,207)**	(3,028)
Gross profit	**122,638**	142,993
Other income	**57,782**	46,954
Other gains and losses	**63,073**	(30,570)
Research and development ("**R&D**") expenses	**(468,238)**	(481,361)
Administrative expenses	**(86,771)**	(77,251)
Finance costs	**(14,206)**	(13,182)
Loss before taxation	**(325,722)**	(412,417)
Income tax expense	**–**	–
Loss for the year	**(325,722)**	(412,417)
Other comprehensive (expense) income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange (loss) gain arising on translation of a foreign operation	**(440)**	1,108
Total comprehensive expense for the year	**(326,162)**	(411,309)

	As of December 31,	
	2022	2021
	RMB' 000	*RMB' 000*
Non-current assets	**623,001**	588,542
Current assets	**1,494,530**	2,116,549
Non-current liabilities	**174,947**	197,542
Current liabilities	**384,912**	637,260
Net assets	**1,557,672**	1,870,289

BUSINESS HIGHLIGHTS

Events during the Reporting Period

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

KN046

- On February 9, 2022, the first patient was successfully dosed in a multi-center, randomized, double-blind and placebo-controlled phase III clinical trial of KN046 to evaluate the efficacy and safety of KN046 in combination with nab-paclitaxel/gemcitabine versus placebo in combination with nab-paclitaxel/gemcitabine, in the treatment of locally advanced unresectable or metastatic pancreatic ductal adenocarcinoma ("**PDAC**") without systemic treatment.

- On February 9, 2022, the Company received an investigational new drug ("**IND**") approval of KN046 from the National Medical Products Administration of China (國家藥品監督管理局) (the "**NMPA**") for initiating a phase II clinical trial to evaluate the efficacy, safety and tolerability of KN046 in combination with Inlyta® (axitinib), a small molecule tyrosine kinase inhibitor, in the treatment of advanced non-small cell lung cancer ("**NSCLC**"). On August 8, 2022, the first patient was successfully dosed.

- On February 22, 2022, the Company received an IND approval of KN046 from the NMPA for initiating a phase I/II clinical trial of KN046 in combination with MAX-40279, a multi-target tyrosine kinase inhibitor independently developed by Guangzhou MaxiNovel Pharmaceuticals Co., Ltd. (廣州再極醫藥科技有限公司) for the treatment of advanced or metastatic solid tumors.

- In March 2022, we completed the first interim analysis on a phase III clinical trial of KN046 in combination with the platinum-based chemotherapy to evaluate the efficacy and safety of KN046 for the treatment of advanced unresectable or metastatic squamous NSCLC ("**sq NSCLC**"), which reached the prespecified progression-free survival endpoint and indicated promising efficacy of KN046.

- We achieved good efficacy and acceptable safety results in a phase II clinical trial of KN046 monotherapy as the second-line or above treatment of unresectable locally advanced or metastatic PDAC. Such research results were presented at the 2022 annual meeting of American Society of Clinical Oncology (the "**2022 ASCO Annual Meeting**") in June 2022.

- We achieved further updates in obtaining the efficacy and safety results in an open-label, single-arm, multi-center phase II clinical trial of KN046 in combination with Lenvatinib, a kinase inhibitor used to treat certain types of cancer, in patients with unresectable or metastatic hepatocellular carcinoma ("**HCC**"). Such research results were presented at the 2022 ASCO Annual Meeting in June 2022.

- A phase III pivotal clinical trial design of KN046 in combination with nab-paclitaxel/ gemcitabine for the treatment of advanced pancreatic cancer, was presented at the 2022 ASCO Annual Meeting in June 2022.

- A phase II study design of KN046 in patients with thymic carcinoma who failed immune checkpoint inhibitors, was presented at the 2022 ASCO Annual Meeting in June 2022.

- As of June 29, 2022, 110 patients were successfully dosed in a phase III clinical trial of KN046 in combination with nab-paclitaxel and gemcitabine as first-line treatment for patients with unresectable locally advanced or metastatic PDAC. About 90% of patients were enrolled successfully at the end of 2022.

- We achieved good tolerability, promising clinical benefit and encouraging efficacy results in a phase II clinical trial of KN046 in combination with platinum-based doublet chemotherapy as first-line treatment for NSCLC. As of the data cut-off date, March 15, 2022, the median overall survival ("**OS**") was over 2 years. Such results were presented at the 2022 European Society for Medical Oncology Congress (the "**ESMO Congress 2022**") in September 2022.

- We achieved good tolerability and efficacy results in a phase II clinical trial of KN046 in treatment of advanced NSCLC patients who had failed first-line platinum-based doublet chemotherapy and promising OS benefit in both sq and non-sq NSCLC. As of the data cut-off date, August 31, 2021, the median OS was 12.9 months and 19.8 months in sq and non-sq NSCLC, respectively. Such results were presented at the ESMO Congress 2022 in September 2022.

- We achieved good tolerability and efficacy results in a phase II clinical trial of KN046 in treatment of patients with advanced NSCLC with epidermal growth factor receptor (EGFR) sensitivity mutation who failed prior epidermal growth factor receptor tyrosine kinase inhibitors (EGFR-TKIs). Such results were presented at the ESMO Congress 2022 in September 2022.

- We made progress in a phase II clinical trial of KN046 which demonstrated that the combination therapy of KN046 plus nab-paclitaxel showed favorable clinical efficacy in metastatic triple-negative breast cancer ("**TNBC**"), especially in programmed death ligand 1 ("**PD-L1**") positive patients. Patients in this trial tolerated well to the combination therapy and safety profile was manageable. Such results were presented at the 45th San Antonio Breast Cancer Symposium (the "**SABCS 2022**") in December 2022.

Currently, the pivotal clinical trials of KN046 in the People's Republic of China ("**China**" or the "**PRC**") have been launched in the treatment of NSCLC, PDAC and thymic carcinoma. There are approximately 20 clinical trials at different stages in China, the United States (the "**U.S.**") and Australia, covering more than 10 types of tumors including NSCLC, PDAC, TNBC, HCC, esophageal squamous cell carcinoma ("**ESCC**") and thymic carcinoma, the results of which have demonstrated a preliminary profile of good safety and promising efficacy of KN046.

KN026

- On January 4, 2022, the Company received an IND approval from the NMPA for a randomized and multicenter phase II/III clinical trial of KN026, which aimed at evaluating the efficacy and safety of KN026 combined with chemotherapy in patients with human epidermal growth factor receptor 2 ("**HER2**")-positive gastric cancer ("**GC**") (including gastroesophageal junction cancer ("**GEJ**")) who have failed trastuzumab treatment.

- In January 2022, the patients enrollment of the phase II clinical trial of KN026 combined with KN046 in the treatment of HER2-positive solid tumors was successfully completed.

- In February 2022, data from a phase I clinical study of the KN026 for the treatment of HER2-positive metastatic breast cancer ("**BC**") were published in *Clinical Cancer Research*, a journal published by the American Association for Cancer Research ("**AACR**").

- We achieved preliminary safety and efficacy results of a phase II clinical trial of KN026 in combination with KN046 for the treatment of locally advanced unresectable or metastatic HER2-positive solid cancer (other than BC and GC). Such results were presented at the 2022 annual meeting of AACR from April 8, 2022 to April 13, 2022.

- In April 2022, the first patient was successfully dosed in a phase II/III pivotal clinical trial of KN026 combined with chemotherapy for the treatment of HER2-positive GC (including GEJ) in patients who had failed first-line treatment.

- In May 2022, the first patient was successfully dosed in a multi-center and open-label phase II clinical trial of KN026, which aims to evaluate the efficacy, safety and tolerability of KN026 in combination with Ibrance® (palbociclib), a medication for the treatment of BC, and fulvestrant, in the treatment of locally advanced unresectable or metastatic HER2-positive BC in patients who have experienced disease progression after treatment of trastuzumab and taxanes.

- We achieved good efficacy and manageable safety clinical results in a single-arm, open-label, multi-center phase II clinical trial of KN026 monotherapy in patients with previously treated advanced HER2-expressing GC/GEJ. Such research results were presented at the 2022 ASCO Annual Meeting in June 2022.

- In August 2022, the application of phase III clinical trial of KN026 in combination with KN046 was accepted by the NMPA for the treatment of locally advanced unresectable or metastatic HER2-positive GC/GEJ, and its IND approval was obtained in October 2022.

- We obtained outstanding efficacy and manageable safety results in an open-label and multi-center phase II clinical trial of KN026 combined with KN046 in the treatment of patients with HER2-positive GC/GEJ without prior systemic treatment. Such results were presented at the ESMO Congress 2022 in September 2022.

- In November 2022, the research results of a phase II clinical trial of KN026 as the second-line treatment of advanced HER2-expressing GC/GEJ were published on *European Journal of Cancer*, which demonstrated excellent efficacy and good safety results.

- We achieved progress in a phase II clinical trial of KN026 in combination with docetaxel as first-line treatment for HER2-positive advanced BC. As of the data cut-off date, August 18, 2022, the median progression-free survival was 25.4 months, and 24-month OS rate was 91.2%, which demonstrated encouraging efficacy results and significant long-term survival benefits. Such results were presented at the SABCS 2022 in December 2022.

- We obtained promising clinical benefit, acceptable and manageable safety results in a phase II clinical trial of KN026 in combination with docetaxel as neoadjuvant treatment in patients with HER2-positive early or locally advanced BC. Such results were presented at the SABCS 2022 in December 2022.

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

- During the 2022 Chinese Society of Clinical Oncology ("**CSCO**") Guideline Conference from April 23, 2022 to April 24, 2022, KN035 (Envafolimab Injectable) was acknowledged by the CSCO and officially included in three 2022 CSCO guidelines, i.e. *CSCO Guidelines for Gastric Cancer 2022 Version (《CSCO 胃癌診療指南 2022 版》), CSCO Guidelines for Colorectal Cancer 2022 Version (《CSCO 結直腸癌診療指南 2022 版》) and CSCO Guidelines for Clinical Application of Immune Checkpoint Inhibitors 2022 Version (《CSCO 免疫檢查點抑制劑臨床應用指南 2022 版》)*.

- In August 2022, a new dosage of KN035 (Envafolimab Injectable), "300mg once every two weeks", was approved by the NMPA.

- In August 2022, KN035 (Envafolimab Injectable) was listed as one of the Top 10 New Drugs (Domestic) List (十大新藥(國內)榜單) by the 14th Healthy China Annual Forum (第十四屆健康中國年度論壇).

- In September 2022, the fast-track designation was granted by the U.S. Food and Drug Administration ("**FDA**") to KN035 (Envafolimab Injectable) for the treatment of locally advanced, unresectable or metastatic undifferentiated pleomorphic sarcoma/myxofibrosarcoma which progressed after first-line/second-line chemotherapy.

- In October 2022, KN035 (Envafolimab Injectable) was further included in another two 2022 CSCO guidelines, i.e. *CSCO Guidelines for Endometrial Cancer 2022 Version (《CSCO 子宮內膜癌診療指南 2022 版》) and CSCO Guidelines for Cervical Cancer 2022 Version (《CSCO 宮頸癌診療指南 2022 版》)*, as the recommended drug for the second-line treatment of recurrent and metastatic endometrial cancer and recurrent and metastatic cervical cancer with microsatellite instability-high ("**MSI-H**")/deficient mismatch repair ("**dMMR**").

- Updated follow-up data of KN035 (Envafolimab Injectable) for the treatment in patients with advanced solid tumors with MSI-H/dMMR who have failed prior at least first-line treatment, was presented orally at the 2022 annual meeting of CSCO in November 2022, which demonstrated persistent clinical benefits.

- In December 2022, the ENVASARC pivotal trial of KN035 (Envafolimab Injectable) in the U.S., conducted by TRACON Pharmaceuticals, Inc., the shares of which are listed on the Nasdaq Global Select Market (ticker symbol: TCON), our business partner, reached positive results in its interim analysis on safety and efficacy.

KN019

- The phase II clinical trial of KN019 for the treatment of rheumatoid arthritis ("**RA**") reached its primary endpoints in September 2022. This is a clinical trial conducted in China to evaluate the efficacy and safety of KN019 in patients with active RA who had an inadequate response to prior methotrexate treatment. The clinical results demonstrated promising efficacy and safety results.

JSKN003

- A phase I, multi-center, open-label and dose-escalation study to assess the safety and tolerability and determine the maximum tolerated dose (the "**MTD**")/the recommended phase II dose (the "**RP2D**") of JSKN003 in subjects with advanced or metastatic malignant HER2-expressing solid tumors is undergoing in Australia, in which the first patient was successfully dosed in September 2022.

- For the clinical trial in China, in August 2022, we submitted the IND application for initiating a phase Ia/Ib clinical trial of JSKN003 to the NMPA. In October 2022, its IND approval was granted, which is designed to evaluate the safety and tolerability of JSKN003 in Chinese patients with HER2-expressing advanced malignant solid tumors and to determine MTD and/or RP2D of JSKN003 in the treatment of advanced malignant solid tumors.

KN052

- In February 2022, the Company received an IND approval for KN052 from the NMPA for initiating a phase I clinical trial to evaluate the safety, tolerability, pharmacokinetics/pharmacodynamics, and antineoplastic activity of KN052 in the treatment of advanced solid tumors, and the first patient was successfully dosed in June 2022.

Manufacturing Facilities

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

Other Highlights

- On January 11, 2022, the Company was awarded "The Most Valuable Pharmaceutical and Medical Company" award at the Sixth Golden Hong Kong Stocks Awards ceremony (第 6 屆金港股最具價值醫藥及醫療公司獎).

- In September 2022, the Company was listed as one of the 2022 Top 100 Chinese Pharmaceutical Innovative Enterprises (2022 年中國醫藥創新企業 100 強). The Company has been acknowledged as such for the fourth consecutive year. In addition, the Company ranked in the first tier among the Top 100 enterprises.

- In October 2022, Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("**Jiangsu Alphamab**"), a wholly-owned subsidiary of our Group, was recognized as a "High and New Technology Enterprise" for a term of three years.

- On December 19, 2022, the Company was awarded "The Most Valuable Pharmaceutical and Medical Company" award at the Seventh Golden Hong Kong Stocks Awards ceremony (第 7 屆金港股最具價值醫藥及醫療公司獎). The Company has been acknowledged as such for the third consecutive year.

Events after the Reporting Period

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

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

- In February 2023, the Company has entered into a strategic collaboration with Stemirna Therapeutics Co., Ltd. (斯微(上海)生物科技股份有限公司), and will explore combination therapy of KN052 with personalized messenger RNA (mRNA) tumor vaccine SWP1001 in certain types of solid tumor.

- In March 2023, the pre-clinical research results of KN052 were accepted as Late Breaking Research to be presented as poster at the 2023 annual meeting of AACR. The pre-clinical data of KN052 demonstrated acceptable pharmacokinetic and safety profile.

- In March 2023, the first patient was successfully dosed in a phase Ia/Ib clinical trial of JSKN003 in China. For details, please refer to the Company's announcement dated March 15, 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Product Pipeline

Our highly differentiated in-house pipeline consists of monoclonal antibodies, bispecific antibodies, and antibody-drug conjugates in staggered development status in oncology, including one approved for marketing by the NMPA, three in late clinical stage and two in phase I clinical trial stage. The following chart summarizes our product pipeline as of the date of this announcement:

Drug Candidate	Indications	Combination Therapies	IND	Proof of Concept	Pivotal	NDA
KN046 (PD-L1/CTLA-4 bispecific antibody)	1L sq NSCLC	+ chemotherapy				Pre-NDA
	1L pancreatic cancer	+ chemotherapy				
	≥2L thymic carcinoma	monotherapy			China and U.S.	
	1L HCC	+ Lenvatinib				
	1L NSCLC	+ axitinib				
	PD-(L)1 refractory NSCLC	+ axitinib				
	1L TNBC	+ nab-paclitaxel				
	1L ESCC	+ chemotherapy				
KN026 (HER2/HER2 bispecific antibody)	1L BC	+ nab-docetaxel				
	≥ 2L GC/GEJ	+ chemotherapy				
	1L GC/GEJ	+ KN046				
	Neoadjuvant BC	+ docetaxel				
	Late-line colorectal cancer	+ KN046				
KN035 (SubQ PD-L1)	≥2L MSI-H/dMMR advanced solid tumors	monotherapy				already come to market in China in November 2021
	1L biliary track cancer	+ chemotherapy				
	≥2L soft tissue sarcoma	monotherapy				Global
	≥2L NSCLC	+ chidamide				
	≥2L TMB-H advanced solid tumors	monotherapy				
	≥2L endometrial cancer	± Lenvatinib				
JSKN003 (HER2 biparatopic ADC)	HER2 solid tumors	monotherapy		China and Australia		
KN052 (PD-L1/ OX40 bispecific antibody)	Solid tumors	monotherapy				

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

Commercialization

We have commenced the commercialization of KN035 (Envafolimab Injectable) (brand name: ENWEIDA, 恩維達®) since November 2021, and the upcoming NDA for KN046 is expected to be submitted in 2023 and the one for KN026 is expected to be submitted in 2025. The successful launch of our first commercial product has propelled us to the commercial phase of our business operations and has unleashed full power of our fully-integrated multi-function platform for the discovery, development, manufacture and commercialization of innovative drugs. Our commercialization team expects to cover major provinces and municipalities in China in the future, especially the ones with relatively well-developed economies and high levels of discretionary income. We intend to continue to leverage our evolving innovative technology platforms to develop our pipeline products and expand our commercialization team in anticipation of more product launches and more approved indications.

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

In 2022, the COVID-19 pandemic created challenges to the Group's business operations, including but not limited to the patients enrollment of clinical trials, approval of regulatory registration, procurement of raw materials and marketing activities for KN035 (Envafolimab Injectable), which also brought challenges to our development and commercial partners and clinical sites. The Group has implemented comprehensive measures to minimize delays and disruptions to the business operations, including but not limited to implementing risk management measures, updating the standard operating procedures according to guidance issued by regulatory bodies, adjusting our research plans and status of clinical trials, providing alternative methods for safety and efficacy assessment and engaging in online meetings with our principal investigators for the clinical trials to track progress and identify any issues that may arise. With the optimization and implementation of prevention and control policy in China since the fourth quarter of 2022, the pandemic had a limited impact on our business operations and there was no material impact on our operation and financial condition as of the date of this announcement.

Future Development

In 2022, we have continuously made steady progress in our R&D of our drug candidates, have explored strategic collaborations with our business partners, and have reached significant clinical development milestones. We, together with the global pharmaceutical industry, have sought to implement and adhere to emergency management plans, social distancing guidelines and adjusted regulatory processes, while we have continued to strive to develop and produce treatments and drug candidates that benefit patients.

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

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

FINANCIAL REVIEW

Overview

We recorded total revenue of RMB166.8 million (2021: RMB146.0 million) and total cost of sales of RMB44.2 million (2021: RMB3.0 million) for the year ended December 31, 2022. For the year ended December 31, 2022, the Group recorded other income of RMB57.8 million, as compared with RMB47.0 million for the year ended December 31, 2021. We recorded other gains of RMB63.1 million for the year ended December 31, 2022, as compared to other losses of RMB30.6 million for the year ended December 31, 2021. Our total comprehensive expense amounted to RMB326.2 million for the year ended December 31, 2022, as compared with RMB411.3 million for the year ended December 31, 2021. The R&D expenses of the Group amounted to RMB468.2 million for the year ended December 31, 2022, as compared with RMB481.4 million for the year ended December 31, 2021. The administrative expenses amounted to RMB86.8 million for the year ended December 31, 2022 as compared with RMB77.3 million for the year ended December 31, 2021. The finance costs amounted to RMB14.2 million for the year ended December 31, 2022 as compared with RMB13.2 million for the year ended December 31, 2021.

Revenue

We recorded total revenue of RMB166.8 million for the year ended December 31, 2022, as compared with RMB146.0 million for the year ended December 31, 2021. The Group mainly generated revenue from (i) sales of pharmaceutical products and royalty income; (ii) license fee income; and (iii) provision of goods and consumables for R&D projects. The following table sets forth the components of the revenue from contracts with customers for the periods presented:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and royalty income	**147,544**	11,608
License fee income	**13,002**	132,787
Provision of goods/consumables for R&D projects	**5,962**	1,614
	166,508	146,009
Overtime		
Co-development and commercialization income	**337**	12
	166,845	146,021

For the year ended December 31, 2022, we recorded sales of pharmaceutical products and royalty income of RMB147.5 million, as compared with RMB11.6 million for the year ended December 31, 2021. primarily from 3D Medicines (Sichuan) Co., Ltd. (四川思路康瑞藥業有限公司) ("**3D Medicines (Sichuan)**"). The Group and 3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司) ("**3D Medicines**") entered into a licensing agreement in February 2016 for the joint development and commercialization of KN035. In December 2021, the Group began to sell KN035 in China. Prior to that, the Group did not sell any products and therefore did not generate revenue from sale of products. For the year ended December 31, 2022, revenue from the sales of KN035 product to 3D Medicines (Sichuan) amounted to RMB86.0 million (2021: RMB4.4 million). Such revenue is recognized by the Group when the goods are delivered and the control of the goods has transferred.

For the year ended December 31, 2022, the Group also recognized revenue of RMB61.5 million (2021: RMB7.2 million), for sales-based royalty fees primarily generated from licensing KN035 intellectual property under a supplementary agreement entered into between the Group, 3D Medicines and 3D Medicines (Sichuan) in December 2021, pursuant to which the Group is entitled to receive sales-based royalty fees in exchange for the right to use a license of KN035 intellectual property granted to 3D Medicines (Sichuan). The sales-based royalty fees were agreed between the contractual parties and invoiced on quarterly basis with a normal credit term of 30 days.

For the year ended December 31, 2022, the Group recognized revenue of RMB337,000 (2021: RMB12,000), on co-development and commercialization, primarily due to the recognition of a non-refundable upfront payment of RMB10.0 million under the Collaboration with 3D Medicines upon the commencement of commercialization of KN035 in November 2021.

In August 2021, we entered into a licensing agreement with Shanghai JMT-Bio Technology Co., Ltd. (上海津曼特生物科技有限公司) ("**JMT-Bio**"), a wholly-owned subsidiary of CSPC Pharmaceutical Group Limited, the shares of which are listed on the Stock Exchange (stock code: 1093) to develop and commercialize KN026 for the treatment of BC and GC in mainland China. For the year ended December 31, 2022, we recorded revenue of RMB1.7 million (2021: RMB1.6 million), for the provision of goods and consumables for R&D projects to JMT-Bio. Such revenue is recognized at a point in time when control of the goods has been delivered and acknowledged by JMT-Bio. For the year ended December 31, 2022, we also recognized revenue of RMB13.0 million (2021: nil) representing the license fee income from JMT-Bio under the licensing agreement with JMT-Bio.

Besides providing goods/consumables to JMT-Bio, we provide goods/consumables for various organizations to conduct clinical trials as well, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customer's specific location. For the year ended December 31, 2022, we recorded revenue of RMB4.2 million (2021: nil) for the provision of good and consumables for other R&D projects.

Cost of Sales

The Group's cost of sales primarily consisted of cost of direct labor, manufacturing cost and raw material and manufacturing overhead related to the production of the product sold. For the year ended December 31, 2022, the Group recorded cost of sales of RMB44.2 million (2021: RMB3.0 million) primarily attributable to cost to sales of pharmaceutical products of RMB43.2 million (2021: RMB2.1 million), and cost to provision of goods and consumables for R&D projects of RMB1.0 million (2021: RMB0.9 million).

Other Income

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

For the year ended December 31, 2022, the Group's other income increased by RMB10.8 million to RMB57.8 million, as compared to RMB47.0 million for the year ended December 31, 2021. Our interest income increased from RMB27.8 million for the year ended December 31, 2021 to RMB33.9 million for the year ended December 31, 2022, primarily due to a continuous increase in the benchmark rate of USD, resulting in a much higher interest rate than RMB deposits during the same period. Our government grants income increased from RMB13.6 million for the year ended December 31, 2021 to RMB23.9 million for the year ended December 31, 2022 primarily because we received grants and incentives from the government for our various R&D projects.

Other Gains and Losses

The Group's other gains and losses primarily consisted of (i) net exchange gains and losses, and (ii) gains and losses on derivative financial instruments.

For the year ended December 31, 2022, we recorded RMB63.1 million of other gains, compared to RMB30.6 million of other losses for the year ended December 31, 2021, and the change was mainly due to unrealized net foreign exchange gain as a result of the strengthening of certain major currency, in particular, the U.S. dollar, against the RMB.

R&D Expenses

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

For the year ended December 31, 2022, our R&D expenses decreased by RMB13.2 million to RMB468.2 million, compared to RMB481.4 million for the year ended December 31, 2021, primarily because some pre-existing projects came into late stages, and some newly initiated projects were still at start-up initial stages, both of which incurred less R&D expenses. We recruited more R&D staff, in particular, the early-stage R&D staff for some newly initiated projects, which caused an increase in our R&D staff costs. The following table sets forth the breakdown of our R&D expenses by nature for the years indicated.

	For the year ended December 31,			
	2022		2021	
	(RMB in thousands, except percentages)			
Outsourcing service fees	**182,298**	**38.9%**	236,986	49.2%
Staff costs	**139,614**	**29.8%**	95,671	19.9%
Raw material costs	**61,446**	**13.1%**	74,053	15.4%
Office rental costs, utilities, and depreciation and amortization	**52,346**	**11.2%**	47,160	9.8%
Others	**32,534**	**7.0%**	27,491	5.7%
Total	**468,238**	**100.0%**	481,361	100.0%

Administrative Expenses

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

Our administrative expenses increased by RMB9.5 million to RMB86.8 million for the year ended December 31, 2022, from RMB77.3 million for the year ended December 31, 2021, primarily due to the increase in (i) the number of our administrative staff, (ii) staff salaries, and (iii) operation expenses of R&D center in Shanghai.

Finance Costs

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

Our finance costs increased to RMB14.2 million for the year ended December 31, 2022, as compared to RMB13.2 million for the year ended December 31, 2021, primarily due to an increase in the amount of borrowings utilized for the second and third stage construction of our phase I production lines.

Income Tax Expenses

We had unused tax losses of RMB2,670.6 million available for set off against future profits as of December 31, 2022, compared to unused tax losses of RMB1,814.7 million for the year ended December 31, 2021. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams.

For the years ended December 31, 2022 and 2021, the Group did not incur any income tax expenses.

Loss for the Year

As a result of the above factors, the loss of the Company decreased by RMB86.7 million to RMB325.7 million for the year ended December 31, 2022 from RMB412.4 million for the year ended December 31, 2021.

Property, Plant and Equipment

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

Our property, plant and equipment increased by RMB103.9 million to RMB579.0 million as of December 31, 2022, compared to RMB475.1 million as of December 31, 2021, primarily because of the new R&D center and manufacturing equipment for further progress of the second and third stage construction of our phase I construction project.

Right-of-use Assets

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

Our right-of-use assets decreased by RMB14.7 million to RMB40.7 million as of December 31, 2022, compared to RMB55.4 million as of December 31, 2021, primarily due to the normal amortization of right-of-use assets.

Inventories

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

Our inventories increased by RMB6.7 million to RMB64.6 million as of December 31, 2022, as compared to RMB57.9 million as of December 31, 2021, primarily due to (i) the increase in work in progress resulting from the expansion of sales scale of KN035 and (ii) the moderate increase in raw materials and other consumables for our R&D and manufacturing activities to prevent from being out of stock during the pandemic.

Trade Receivables

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

Our trade receivables as of December 31, 2022 amounted to RMB15.5 million as compared to RMB7.6 million as of December 31, 2021, primarily due to the increase in royalty income during the fourth quarter of this year.

Other Receivables, Deposits and Prepayments

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

Our other receivables, deposits and prepayments decreased by RMB37.9 million to RMB66.0 million as of December 31, 2022, as compared to RMB103.9 million as of December 31, 2021, primarily due to a large amount of VAT recovered from the government.

Derivative Financial Instruments

We recorded nil of derivative financial instruments as of December 31, 2022, as compared to RMB5.6 million of derivative financial instruments (asset) as of December 31, 2021, primarily due to the expiry of all foreign exchange forward contracts entered into with the banks.

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

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

Our cash and cash equivalents increased from RMB803.3 million as of December 31, 2021 to RMB1,069.2 million as of December 31, 2022, while our time deposits with original maturity over three months decreased from RMB1,128.2 million as of December 31, 2021 to RMB247.9 million as of December 31, 2022, primarily because the Company purchased more deposits with maturity less than three months after our previous time deposits with maturity over three months matured.

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

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

Our financial assets measured at FVTPL decreased from RMB54.0 million as of December 31, 2021 to RMB33.3 million as of December 31, 2022, primarily because the Group reduced the holdings of non-principal-guaranteed low-risk wealth management products which expired during the year ended December 31, 2022.

We believe that we can make better use of our cash by utilizing wealth management products to enhance our income without interfering our business operations or capital expenditures. We make investment decisions based on our estimated capital requirements for the next three months and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit purchases to low-risk, short-term products from reputable commercial banks. Our finance department is responsible for the purchase of wealth management products, which is reviewed by our senior management team. In the future, we intend to continue taking a disciplined approach regarding purchasing low-risk wealth management products with a short maturity period based on our operational needs.

Trade and Other Payables

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

Our trade and other payables increased from RMB150.0 million as of December 31, 2021 to RMB177.2 million as of December 31, 2022, primarily due to the increase in the clinical trial fee payable to the clinical trial sites and the purchase of property, plant and equipment.

Amount Due to a Related Company

Our amount due to a related company, Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("**Suzhou Alphamab**"), decreased from RMB17.0 million as of December 31, 2021 to RMB4.5 million as of December 31, 2022. The amounts due to Suzhou Alphamab as of December 31, 2022 primarily represented the process development service fees payable to Suzhou Alphamab.

Lease Liabilities

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

Our lease liabilities decreased from RMB33.5 million as of December 31, 2021 to RMB20.4 million as of December 31, 2022, primarily due to the timely payment of rents.

Contract Liabilities

We recorded contract liabilities of RMB28.5 million and RMB27.5 million as of December 31, 2021 and 2022, respectively. Our contract liabilities represented the upfront payment of RMB13.0 million from 3D Medicines that we recognized for co-development and commercialization of KN035 and the upfront payment of RMB14.5 million from JMT-Bio in relation to our performance obligation of providing goods and consumables for R&D projects in relation to KN026. Such amounts are our adjustment for the effects of the time value of money at a discount rate of 4.35% per annum and 3.70% per annum, respectively, taking into consideration of the credit characteristics of the Group. We own the right to manufacture and supply KN035 to 3D Medicines (Sichuan) and KN026 to JMT-Bio, respectively. As this accrual increases the amount of the contract liabilities during the period of development of KN035, it increases the amount of revenue to be recognized as the Group commences the manufacturing of the product and the transfer of control of goods to our customers for commercialization of KN035. As this accrual increases the amount of the contract liabilities during the period of development of KN026, it increases the amount of revenue to be recognized as the Group satisfies the performance obligation of providing goods and consumables for R&D projects to JMT-Bio.

Liquidity and Source of Funding

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

As of December 31, 2022, there was a balance of unutilized net proceeds from the global offering, pre-IPO financing and bank borrowings. For details on the net proceeds from the global offering, please refer to the section headed "Use of Net Proceeds from Global Offering" in this announcement.

In February 2023, the Company entered into a placing and subscription agreement with Rubymab and Jefferies Hong Kong Limited and upon completion of the top-up placing, the Company received total net proceeds of approximately HK$376.2 million, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses.

Therefore, the Company believes that it has sufficient funds to satisfy our working capital and capital expenditure requirements for 2023.

Borrowings

As of December 31, 2022, our bank borrowings of RMB325.0 million, had effective interest rates of 2.81% to 3.25%. As of December 31, 2022, our bank borrowings were secured by property, plant and equipment of RMB250.8 million and land use rights in our right-of-use assets of RMB21.2 million.

Key Financial Ratios

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

	As of December 31,	
	2022	2021
Current ratio[(1)]	**3.88**	3.32
Quick ratio[(2)]	**3.71**	3.23
Gearing ratio[(3)]	**(0.48)**	(0.11)

Notes:

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

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

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

Material Investments

The Group did not make any material investments during the year ended December 31, 2022. In addition, there is no current plan of the Group for material investments or additions of material capital assets as of the date of this announcement.

Material Acquisitions and Disposals

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

Pledge of Assets

As of December 31, 2022, the Group had a total RMB250.8 million of property, plant and equipment and RMB21.2 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

Foreign Exchange Exposure

During the year ended December 31, 2022, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of December 31, 2022, a significant amount of the Group's bank balances and cash was mainly denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables, and other financial liabilities denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2022.

Employees and Remuneration

As of December 31, 2022, the Group had 472 employees (2021: 459). The total remuneration cost incurred by the Group for the year ended December 31, 2022 was RMB192.0 million, as compared to RMB139.0 million for the year ended December 31, 2021.

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

The Company also has adopted Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Restricted Share Award Scheme to provide incentives for the Group's employees. Please refer to the section headed "Statutory and General Information – D. Pre-IPO Share Option Plans" in Appendix V to the Company's prospectus dated December 2, 2019 (the "**Prospectus**"), the Company's circular dated April 22, 2020, the Company's announcements dated March 23, 2021 and October 25, 2021 and the Company's 2020 annual report and 2021 annual report for further details.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended December 31, 2022 RMB' 000	2021 RMB' 000
Revenue	4	**166,845**	146,021
Cost of sales		**(44,207)**	(3,028)
Gross profit		**122,638**	142,993
Other income	5	**57,782**	46,954
Other gains and losses	6	**63,073**	(30,570)
R&D expenses	8	**(468,238)**	(481,361)
Administrative expenses		**(86,771)**	(77,251)
Finance costs	7	**(14,206)**	(13,182)
Loss before taxation		**(325,722)**	(412,417)
Income tax expense	9	**–**	–
Loss for the year	10	**(325,722)**	(412,417)
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain arising on translation of a foreign operation		**(440)**	1,108
Total comprehensive expense for the year		**(326,162)**	(411,309)
Loss per share in RMB			
– Basic	11	**(0.35)**	(0.44)
– Diluted		**(0.35)**	(0.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As of December 31, 2022 RMB' 000	2021 RMB' 000
Non-current assets			
Property, plant and equipment	*12*	**579,008**	475,142
Right-of-use assets	*13*	**40,735**	55,381
Deposits paid for acquisition of property, plant and equipment		**1,328**	13,998
Other receivables, deposits and prepayments	*16*	**1,930**	44,021
		623,001	588,542
Current assets			
Inventories	*14*	**64,636**	57,908
Trade receivables	*15*	**15,490**	7,606
Other receivables, deposits and prepayments	*16*	**64,027**	59,921
Financial assets at FVTPL		**33,330**	54,010
Derivative financial instruments	*17*	**–**	5,630
Time deposits with original maturity over three months		**247,858**	1,128,168
Cash and cash equivalents		**1,069,189**	803,306
		1,494,530	2,116,549
Current liabilities			
Trade and other payables	*18*	**177,214**	150,024
Amount due to a related company	*19*	**4,515**	17,047
Lease liabilities – current portion		**15,113**	13,824
Contract liabilities – current portion	*20*	**7,854**	4,383
Bank borrowings – current portion		**175,000**	449,990
Deferred income	*21*	**5,216**	1,992
		384,912	637,260
Net current assets		**1,109,618**	1,479,289
Total assets less current liabilities		**1,732,619**	2,067,831

	NOTES	As of December 31, 2022	2021
		RMB' 000	*RMB' 000*
Non-current liabilities			
Lease liabilities – non-current portion		**5,279**	19,630
Contract liabilities – non-current portion	*20*	**19,668**	24,086
Bank borrowings – non-current portion		**150,000**	153,826
		174,947	197,542
Net assets		**1,557,672**	1,870,289
Capital and reserves			
Share capital		**13**	13
Reserves		**1,557,659**	1,870,276
Total equity		**1,557,672**	1,870,289

NOTES：

1. GENERAL

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

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

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

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs issued but are not yet effective:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities as with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after January 1, 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after January 1, 2024.

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

3. BASIS OF PRESENTATION AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of the Reporting Period, as explained.

4. REVENUE AND SEGMENT INFORMATION

Revenue

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

	2022	2021
	RMB' 000	*RMB' 000*
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and royalty income *(Note i)*	**147,544**	11,608
License fee income *(Note ii)*	**13,002**	132,787
Provision of goods/consumables for research and development projects *(Note ii & iii)*	**5,962**	1,614
	166,508	146,009
Overtime		
Co-development and commercialization income *(Note i)*	**337**	12
	166,845	146,021

Notes:

(i) Co-development, commercialization of KN035:

Pursuant to an agreement entered into between 3D Medicines and the Group in February 2016, the Group would jointly develop and commercialize with 3D Medicines for KN035, a drug candidate that initially developed by the Group for the treatment of adult patients with advanced solid tumors who have unresectable or metastatic advanced microsatellite instability-high (MSI-H) /mismatch-repair deficiency. In return, the Group entitles from 3D Medicines a non-refundable upfront payment of RMB10 million and an exclusive right to manufacture and supply of KN035 product to 3D Medicines for further commercialization to ultimate customers. The non-refundable upfront payment, which was received by the Group in April 2016, was initially recorded as contract liabilities and will be recognized as revenue (i.e., co-development and commercialization income) on the basis of direct measurements of the value of KN035 product transferred to 3D Medicines to date relative to the value of the budgeted manufacturing order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage). With the commercialization of KN035 in November 2021, the Group commenced to recognize the non-refundable upfront payment as revenue under an estimated product life of 15 years. During the year ended December 31, 2022, the Group recognized revenue on co-development and commercialization of KN035 amounting to RMB337,000 (2021: RMB12,000). As at December 31, 2022, the Group recognized contract liabilities amounting to RMB12,968,000 (2021: RMB12,763,000) (Note 20) in relation to this performance obligation, in which RMB422,000 is expected to be recognized as revenue within the next twelve months from the end of the reporting period. In addition, the Group considers the non-refundable upfront payment of RMB10 million from 3D Medicines contains significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money at a discount rate of 4.35% per annum taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liabilities during the period of development of KN035 drug candidate, it increases the amount of revenue to be recognized when the Group commences the manufacturing of the product and the transfer of control of goods to 3D Medicines for commercialization.

Concurrently, the Group recognized revenue from sales of KN035 product to 3D Medicines (Sichuan) (i.e., sales of pharmaceutical products) at point in time when control of the goods has transferred, being when the goods have been delivered to 3D Medicines (Sichuan)'s specified location. Following delivery, 3D Medicines (Sichuan) has the primary responsibility for the risks of obsolescence and loss in relation to the goods while it can request return or refund of goods only if the goods delivered do not meet the required quality standards. Full prepayments by 3D Medicines (Sichuan) are normally required before any goods delivery. For the year ended December 31, 2022, the Group recognized revenue on sales of KN035 product to 3D Medicines (Sichuan) amounting to RMB86,040,000 (2021: RMB4,433,000).

In December 2021, the Group entered into a supplementary agreement with 3D Medicines (Sichuan) and 3D Medicines pursuant to which the Group shall be entitled to sales-based royalty fees in exchange for the right to use a license of KN035 intellectual property granted to 3D Medicines (Sichuan). The sales-based royalty fees are agreed in the contract based on a specified formula and invoiced on quarterly basis with a normal credit term of 30 days. During the year ended December 31, 2022, revenue recognized on royalty income amounting to RMB61,504,000 (2021: RMB7,175,000).

(ii) Out licensing KN026:

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

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

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

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

For provision of goods/consumables for research and development projects to JMT-Bio during clinical trial stage, revenue is recognized at a point in time when control of the goods has been transferred, being when the goods have been delivered and acknowledged by JMT-Bio. During the year ended December 31, 2022, the Group recognized revenue of RMB1,732,000 (2021: RMB1,614,000) in relation to the performance obligation of providing goods/consumables for research and development projects to JMT-Bio (see note (iii) below). In addition, the Group considers the non-refundable upfront payment of RMB17,213,000 contains a significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money at a discount rate of 3.70% per annum taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liabilities during the period of development of KN026, it increases the amount of revenue to be recognized as the Group satisfy this performance obligation. As at December 31, 2022, the Group recognized contract liabilities amounting to RMB14,554,000 (2021: RMB15,706,000) (Note 20) in relation to this performance obligation, in which RMB7,432,000 is expected to be recognized as revenue within the next twelve months from the end of the reporting period.

In connection with the sub project research and development result delivery under the licensing arrangement with JMT-Bio, during the year ended December 31, 2022, JMT-Bio validated the Group's delivery of results to it and reached into agreement with the Group that the consideration for this research results is RMB13,002,000 (2021: N/A). The Group therefore recognized the full amount of this consideration upon the completion of JMT-Bio validation and the consideration has been fixed between these contractual parties.

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

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

	2022	2021
	RMB'000	*RMB'000*
Provision of goods/consumables for KN026	**1,732**	1,614
Provision of goods/consumables for other research and development projects	**4,230**	–
	5,962	1,614

Segment information

For the purposes of resources allocation and performance assessment, the executive Directors of the Company, being the chief operating decision makers, review the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

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

Information about major customers

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

	2022	2021
	RMB' 000	*RMB' 000*
3D Medicines (Sichuan) Co., Ltd. *(Note i)*	**147,544**	*
Shanghai JMT-Bio Technology Co., Ltd. *(Note ii)*	*****	134,401

Notes:

(i) The revenue represents sales of pharmaceutical products and royalty income.

(ii) The revenue represents income from provision of goods/consumables for R&D projects and license fee income.

* The revenue generated for the year is less than 10% of the Group's revenue.

5. OTHER INCOME

	2022	2021
	RMB' 000	*RMB' 000*
Interest income	**33,866**	27,807
Government grants income *(Note)*	**23,895**	13,632
Others	**21**	5,515
	57,782	46,954

Note: Government grants income mainly includes subsidies from the PRC local government in support of oncology drug development. Out of which RMB776,000 (2021: RMB3,224,000) is released from deferred income upon compliance with the attached conditions and RMB23,119,000 (2021: RMB10,408,000) is received unconditionally from the government.

6. OTHER GAINS AND LOSSES

	2022	2021
	RMB' 000	*RMB' 000*
Exchange gains, (losses), net	**66,708**	(41,410)
(Losses) gains on derivative financial instruments	**(4,087)**	10,995
Others	**452**	(155)
	63,073	(30,570)

7. FINANCE COSTS

	2022	2021
	RMB' 000	*RMB' 000*
Interest expenses on:		
Bank borrowings	**17,848**	14,805
Contract liabilities	**1,122**	639
Lease Liabilities	**1,052**	585
	20,022	16,029
Less: Interest capitalized in construction in progress ("**CIP**")	**(5,816)**	(2,847)
	14,206	13,182

Borrowing costs capitalized during the year ended December 31, 2022 arose on the specific bank borrowings for the construction of new facilities.

8. R&D EXPENSES

	2022	2021
	RMB' 000	*RMB' 000*
Outsourcing service fees	**182,298**	236,986
Staff costs	**139,614**	95,671
Raw material costs	**61,446**	74,053
Office rental costs, utilities, and depreciation and amortization	**52,346**	47,160
Others	**32,534**	27,491
	468,238	481,361

9. INCOME TAX EXPENSE

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC entities is 25% (2021: 25%). On July 11, 2020, Jiangsu Alphamab was accredited as a "high-tech enterprise" in Suzhou Free Trade Zone and is entitled to obtain a refund from the local government of Suzhou Free Trade Zone for a three-year period since 2020, to compensate for 10% of the enterprise income tax. In addition, Jiangsu Alphamab has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Jiangsu Province and relevant authorities on October 18, 2022 for a term of three years from 2022 to 2024, and has been registered with the local tax authorities for enjoying the reduced 15% EIT rate. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authorities in the PRC for every three years.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 26%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 26% (2021: 26%).

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

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

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

10. LOSS FOR THE YEAR

	2022	2021
	RMB' 000	*RMB' 000*
Loss for the year has been arrived at after charging:		
Directors' remuneration	**14,479**	18,525
Other staff costs:		
Salaries and other allowances	**125,540**	91,360
Performance related bonus	**14,672**	10,489
Retirement benefits scheme contributions	**27,703**	18,446
Share-based payment expenses	**9,589**	227
Total staff costs	**191,983**	139,047
Capitalized in inventories	**(2,025)**	(1,237)
	189,958	137,810
Auditor's remuneration	**2,007**	2,414
Depreciation of property, plant and equipment	**40,542**	28,521
Depreciation of right-of-use assets	**14,646**	12,581
Cost of inventories recognized as an expense	**61,446**	74,053

11. LOSS PER SHARE

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

	2022	2021
	RMB' 000	*RMB' 000*
Loss:		
Loss for the year attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	**(325,722)**	(412,417)
Number of shares ('000)		
Weighted average number of shares for the purposes of basic and diluted loss per share	**936,502**	935,486

The calculation of basic and diluted loss per share for the years ended December 31, 2022 and 2021, has not considered, where appropriate, the outstanding share options, and the restricted shares that have not yet been vested as their inclusion would be anti-dilutive.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings ***RMB'000***	**Plant and machinery** ***RMB'000***	**Leasehold improvements** ***RMB'000***	**Furniture and other equipment** ***RMB'000***	**CIP** ***RMB'000***	**Total** ***RMB'000***
COST						
As at January 1, 2021	237,736	86,954	408	33,691	23,422	382,211
Additions	–	159	570	19	152,615	153,363
Transfer	346	16,201	936	15,473	(32,956)	–
Disposal	–	–	–	(12)	–	(12)
Adjustment of cost *(Note)*	(10,683)	(29)	(17)	–	–	(10,729)
As at December 31, 2021	227,399	103,285	1,897	49,171	143,081	524,833
Additions	363	418	65	–	143,567	144,413
Transfer	57,522	100,826	4,784	32,689	(195,821)	–
Disposal	–	–	–	(87)	–	(87)
As at December 31, 2022	**285,284**	**204,529**	**6,746**	**81,773**	**90,827**	**669,159**
DEPRECIATION						
As at January 1, 2021	11,864	3,265	326	5,726	–	21,181
Provided for the year	11,167	8,700	175	8,479	–	28,521
Disposal	–	–	–	(11)	–	(11)
As at December 31, 2021	23,031	11,965	501	14,194	–	49,691
Provided for the year	11,441	15,078	788	13,235	–	40,542
Disposal	–	–	–	(82)	–	(82)
As at December 31, 2022	**34,472**	**27,043**	**1,289**	**27,347**	**–**	**90,151**
CARRYING VALUES						
As at December 31, 2022	**250,812**	**177,486**	**5,457**	**54,426**	**90,827**	**579,008**
As at December 31, 2021	204,368	91,320	1,396	34,977	143,081	475,142

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

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

Note: The amounts represent the reversal of the over accrued construction costs on certain property, plant and equipment and the construction of which were completed in previous years while the completion verifications were not finalized until 2021.

13. RIGHT-OF-USE ASSETS

	Land use rights *RMB'000*	**Property, plant and equipment** *RMB'000*	**Total** *RMB'000*
As at January 1, 2021 Carrying amounts	22,175	9,816	31,991
As at December 31, 2021 Carrying amounts	21,680	33,701	55,381
As at December 31, 2022 Carrying amounts	21,185	19,550	40,735
For the year ended December 31, 2021 Depreciation charge	495	12,086	12,581
For the year ended December 31, 2022 Depreciation charge	495	14,151	14,646

	2022 ***RMB' 000***	2021 *RMB' 000*
Expense relating to short-term leases	**35**	115
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**134**	184
Total cash outflow for leases *(Note)*	**14,283**	17,161
Additions to right-of-use assets	**–**	39,051

Note: The total cash outflows for leases amounted to RMB14,283,000 (2021: RMB17,161,000) (including short-term leases) for the year ended December 31, 2022, out of which RMB9,228,000 (2021: RMB10,066,000) was paid to Suzhou Alphamab.

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

Included in property, plant and equipment of the right-of-use assets are (i) offices of RMB7,564,000 (2021: RMB12,126,000) and (ii) plant and equipment of RMB11,986,000 (2021: RMB21,575,000). In addition, no lease liabilities (2021: RMB39,051,000) are recognized with no related right-of-use assets (2021: RMB39,051,000) during the year ended December 31, 2022.

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

As at December 31, 2021 and 2022, all right-of-use assets are located in the PRC.

14. INVENTORIES

	2022	2021
	RMB' 000	*RMB' 000*
Raw materials and other consumables	**48,651**	49,989
Work in progress	**13,330**	5,741
Finished goods	**2,655**	2,178
	64,636	57,908

15. TRADE RECEIVABLES

	2022	2021
	RMB' 000	*RMB' 000*
Trade receivables with contracts with customers	**15,490**	7,606

As at January 1, 2021, there was no trade receivables from contracts with customers.

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

	2022	2021
	RMB' 000	*RMB' 000*
0-60 days	**15,490**	7,606

As at December 31, 2022, none of the Group's trade receivables are past due as of the end of the Reporting Period.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022	2021
	RMB' 000	*RMB' 000*
Deposits	**1,572**	2,007
Interest receivables	**7,515**	12,021
Prepayments	**53,536**	46,546
Other receivables	**125**	766
Value-added tax recoverable	**3,209**	42,602
Total	**65,957**	103,942
Presented as non-current assets *(Note)*	**1,930**	44,021
Presented as current assets	**64,027**	59,921
	65,957	103,942

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

17. DERIVATIVE FINANCIAL INSTRUMENTS

	2022	2021
	RMB' 000	*RMB' 000*
Derivatives (not under hedge accounting)		
Foreign currency forward contracts	**–**	5,876
Foreign currency option contracts	**–**	(246)

18. TRADE AND OTHER PAYABLES

	2022	2021
	RMB' 000	*RMB' 000*
Trade payables	**7,612**	11,434
Accrued expenses		
– Outsourcing service fees	**98,741**	70,887
– Other R&D expenses	**5,499**	10,765
– Staff costs	**24,495**	21,207
– Interest payable	**314**	691
– Others	**11,811**	5,488
	140,860	109,038
Payables for acquisition of property, plant and equipment	**23,793**	21,701
Other payables	**4,949**	7,851
Total	**177,214**	150,024

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

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

	2022	2021
	RMB' 000	*RMB' 000*
0-90 days	**7,612**	11,434

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

	2022	2021
	RMB' 000	*RMB' 000*
US$	**288**	2,016
Great Britain Pound	**–**	323

19. AMOUNT DUE TO A RELATED COMPANY

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

	2022	2021
	RMB' 000	*RMB' 000*
Over 90 days	**4,515**	17,047

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

20. CONTRACT LIABILITIES

	2022	2021
	RMB'000	*RMB'000*
Amounts received in advance for：		
Provision of goods/consumables for R&D of KN026	**14,554**	15,706
Co-development and commercialization of KN035	**12,968**	12,763
	27,522	28,469
Analyzed for reporting purposes as:		
Current *(Note ii)*	**7,854**	4,383
Non-current *(Note iii)*	**19,668**	24,086
	27,522	28,469

Notes:

(i) As at January 1, 2021, contract liabilities amounted to RMB12,713,000.

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

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

21. DEFERRED INCOME

	2022	2021
	RMB'000	*RMB'000*
Income related government grants	**5,216**	1,992

Movements of government grants:

	Total
	RMB'000
At January 1, 2021	5,216
Amortized to profit or loss	(3,224)
At January 1, 2022	**1,992**
Government grants received	**4,000**
Amortized to profit or loss	**(776)**
At December 31, 2022	**5,216**

22. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended December 31, 2022 (2021: nil), nor has any dividend been proposed since the end of the Reporting Period and up to the date of this announcement.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2022 (2021: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Compliance with the Corporate Governance Code

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

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

For the year ended December 31, 2022, the Company has complied with all applicable code provisions set out in the part 2 of the Corporate Governance Code except for the deviations from code provision C.2.1 of the Corporate Governance Code. Pursuant to code provision C.2.1 of the part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. Xu Ting currently serves as the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. Our Directors believe that it is beneficial to the business operations and management of the Group that Dr. Xu Ting continues to serve as both the Chairman and the chief executive officer of the Company.

The Company regularly reviews its compliance with Corporate Governance Code and the Board believes that save as disclosed above, the Company was in compliance with the applicable code provisions of the Corporate Governance Code for the year ended December 31, 2022.

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

Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ended December 31, 2022.

Compliance with the Model Code

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

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

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

Purchase, Sale or Redemption of Listed Securities

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

Audit Committee

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

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

The Group's annual results for the year ended December 31, 2022 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Use of Net Proceeds from Global Offering

The Company's shares were listed on the Stock Exchange on December 12, 2019. The net proceeds from the global offering amounted to approximately HK$2,042.5 million. As of December 31, 2022, approximately HK$1,176.8 million of the net proceeds of the global offering had been utilized as follows:

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		**Proceeds from the global offering utilized as of December 31, 2022**		**Amounts not yet utilized as of December 31, 2022**	
	HK$ million	***Percentage***	***HK$ million***	***Percentage***	***HK$ million***	***Percentage***
Key drug development programs the R&D and commercialization of KN046						
– the ongoing and planned clinical trials of, and preparation of registration filings for, KN046	817.0	40.0%	474.9	40.4%	342.1	39.5%
– the launch and, subject to regulatory approval, commercialization of KN046	204.3	10.0%	118.8	10.1%	85.5	9.9%
Subtotal	***1,021.3***	***50.0%***	***593.7***	***50.5%***	***427.6***	***49.4%***
the R&D and commercialization of KN026						
– the ongoing and planned clinical trials of, and preparation of registration filings for, KN026	326.8	16.0%	132.0	11.2%	194.8	22.5%
– the launch and, subject to regulatory approval, commercialization of KN026	81.7	4.0%	33.0	2.8%	48.7	5.6%
Subtotal	***408.5***	***20.0%***	***165.0***	***14.0%***	***243.5***	***28.1%***

	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus		Proceeds from the global offering utilized as of December 31, 2022		Amounts not yet utilized as of December 31, 2022	
	HK$ million	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*
the R&D of KN019	102.1	5.0%	25.5	2.2%	76.6	8.9%
Subtotal	***1,531.9***	***75.0%***	***784.2***	***66.7%***	***747.7***	***86.4%***
The construction of our new manufacturing and R&D facilities in Suzhou	**306.4**	**15.0%**	**283.5**	**24.0%**	**22.9**	**2.6%**
The early-stage pipeline and our working capital and general corporate purposes	**204.3**	**10.0%**	**109.1**	**9.3%**	**95.2**	**11.0%**
Total	**2,042.5**	**100.0%**	**1,176.8**	**100.0%**	**865.8**	**100.0%**

The Company expects that approximately HK$500.0 million to HK$700.0 million, accounting for approximately 24.5% to 34.3% of the net proceeds of the global offering, will be utilized by end of 2023 and plans to utilize the balance of net proceeds of the global offering by the end of 2024. The expected timeline for utilizing the net proceeds from the global offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation. Going forward, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there is no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Subsequent Events

Save as disclosed in section headed "Business Highlights – Events after the Reporting Period", the Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to December 31, 2022 and up to the date of this announcement.

Principal Risks and Uncertainties

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

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") is scheduled to be held at 9:00 a.m. on Monday, June 12, 2023. A circular (including notice convening the AGM) will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, June 7, 2023 to Monday, June 12, 2023, both days inclusive, in order to determine the eligibility of the shareholders of the Company to attend and vote at the AGM to be held on Monday, June 12, 2023. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, June 6, 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

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

APPRECIATION

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

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

Hong Kong, March 31, 2023

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