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, 2021

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, 2021 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2020. 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,	
	2021	2020
	RMB' 000	*RMB' 000*
Revenue	**146,021**	**–**
Cost of sales	**(3,028)**	**–**
Gross profit	**142,993**	**–**
Other income	**46,954**	111,136
Other losses	**(30,570)**	(117,627)
Research and development ("**R&D**") expenses	**(481,361)**	(331,241)
Administrative expenses	**(77,251)**	(78,208)
Finance costs	**(13,182)**	(11,826)
Loss before taxation	**(412,417)**	(427,766)
Income taxation	**–**	**–**
Loss for the year	**(412,417)**	(427,766)
Other comprehensive income (expense) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange gain (loss) arising on translation of a foreign operation	**1,108**	(506)
Total comprehensive expense for the year	**(411,309)**	(428,272)

	As of December 31,	
	2021	2020
	RMB' 000	*RMB' 000*
Non-current assets	**588,542**	440,294
Current assets	**2,116,549**	2,199,228
Non-current liabilities	**197,542**	36,903
Current liabilities	**637,260**	329,535
Net assets	**1,870,289**	2,273,084

BUSINESS HIGHLIGHTS

Since April 20, 2021, being the latest practicable date of the Company's 2020 annual report, we have been making significant progress with respect to our drug pipeline and business operations, including the following milestones and achievements:

KN046

- On April 29, 2021, we entered into a clinical trial collaboration and supply agreement with Pfizer Inc. ("**Pfizer**", a biotechnology corporation listed on the New York Stock Exchange (ticker symbol: PFE)) to evaluate the efficacy and safety of KN046 in combination with Inlyta® (axitinib), a small molecule tyrosine kinase inhibitor developed by Pfizer, for the first-line treatment of non-small cell lung cancer ("**NSCLC**").

- We achieved positive results of KN046 with respect to its preliminary efficacy and safety in combination with nab-paclitaxel and gemcitabine as first-line treatment for unresectable locally advanced or metastatic pancreatic ductal adenocarcinoma ("**PDAC**"). Such research progress was presented at the 2021 annual meeting of American Society of Clinical Oncology (the "**2021 ASCO Annual Meeting**") from June 4, 2021 to June 8, 2021.

- We achieved promising preliminary results in a phase II, open-label and multi-center study of KN046 in combination with chemotherapy in patients with advanced NSCLC. Such research progress was presented at the 2021 ASCO Annual Meeting from June 4, 2021 to June 8, 2021.

- We made progress in obtaining the efficacy and safety results of KN046 plus paclitaxel/cisplatin as first-line treatment for unresectable locally advanced, recurrent or metastatic esophageal squamous cell carcinoma ("**ESCC**"). Such research progress was presented at the 2021 ASCO Annual Meeting from June 4, 2021 to June 8, 2021.

- We made progress in obtaining the preliminary efficacy and safety results of a prospective phase II trial of KN046 in combination with Lenvatinib in the first-line treatment for advanced unresectable or metastatic hepatocellular carcinoma ("**HCC**"). Such research progress was presented at the 2021 European Society for Medical Oncology Congress (the "**ESMO Congress 2021**") from September 16, 2021 to September 21, 2021.

- We obtained research results of a phase II, open-label and multi-center clinical trial of KN046 in combination with platinum doublet chemotherapy as first-line treatment for advanced NSCLC harboring resistant oncogenic driver alterations. Such research results were presented at the ESMO Congress 2021 from September 16, 2021 to September 21, 2021.

- On September 23, 2021, we received an investigational new drug ("**IND**") approval for KN046 from the National Medical Products Administration of China (國家藥品監督管理局) ("**NMPA**") for initiating a multi-center, open-label and randomized-controlled phase II/III pivotal clinical study (study code: ENREACH-LUNG-02/KN046-302) to evaluate the efficacy, safety and tolerability of KN046 combined with Lenvatinib versus Docetaxel in disease progression of patients with advanced NSCLC who have accepted anti-programmed death (ligand) 1 ("**PD-(L)1**" (PD-1 and/or PD-L1)) treatment.

- We achieved significant efficacy and safety results of KN046 in combination with nab-paclitaxel/gemcitabine in the first-line treatment of locally advanced unresectable or metastatic PDAC. Such results were presented at the 2021 annual meeting of Chinese Society of Clinical Oncology from September 25, 2021 to September 29, 2021.

- On September 28, 2021, the Company entered into a partnership agreement with Hangzhou Raygene Pharmaceutical Co., Ltd. (杭州瑞臻醫藥有限公司) to jointly develop the combination therapy of KN046 and the small molecule drug RG001, a proprietary anti-tumor small molecule drug, for the posterior line treatment for advanced HCC and liver metastasis of colorectal cancer.

- In October 2021, 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 the platinum-based chemotherapy in patients with advanced unresectable or metastatic squamous NSCLC ("**sq NSCLC**"), completed the enrollment of 482 patients.

- On October 28, 2021, the first patient was successfully dosed in a multi-center, open-label and randomized-controlled phase II/III pivotal clinical trial of KN046 in mainland China (excluding Hong Kong, Macau or Taiwan) ("**Mainland China**"), which aims to evaluate the efficacy, safety and tolerability of KN046 combined with Lenvatinib versus Docetaxel in disease progression of patients with advanced NSCLC who have accepted anti-PD-(L)1 treatment.

- On November 3, 2021, the first patient was successfully dosed in a clinical trial of KN046 in combination with ALK-1 (activin receptor-like kinase-1) antibody developed by Kintor Pharmaceutical Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (stock code: 9939), for the treatment of advanced or refractory solid tumors.

- In November 2021, the Company entered into a collaboration agreement with Guangzhou MaxiNovel Pharmaceuticals Co., Ltd. (廣州再極醫藥科技有限公司) ("**MaxiNovel**"), for joint clinical cooperation of MAX-40279, a multi-target tyrosine kinase inhibitor independently developed by MaxiNovel, in combination with KN046 for the treatment of gastric cancer ("**GC**") and other indications as agreed by both parties.

- In November 2021, the Company received an IND approval for KN046 from the NMPA for initiating a multi-center, randomized, double-blind and placebo-controlled phase III clinical trial to evaluate the efficacy and safety of KN046 in combination with nab-paclitaxel/gemcitabine in the treatment of locally advanced unresectable or metastatic PDAC without systemic treatment.

- In December 2021, the first patient was successfully dosed in the United States of America (the "**U.S.**") in an open-label and multi-center phase II pivotal clinical trial of KN046 to evaluate efficacy, safety and tolerability of KN046 in subjects with advanced thymic carcinoma.

- 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 PDAC without systemic treatment.

- On February 9, 2022, the Company received an IND approval for KN046 from the NMPA for initiating a phase II clinical trial to evaluate the efficacy, safety, tolerability of KN046 in combination with Inlyta® (axitinib) in the treatment of advanced NSCLC.

- On February 22, 2022, the Company received an IND approval for KN046 from the NMPA for initiating a phase I/II clinical trial of KN046 in combination with MAX-40279, for the treatment of advanced or metastatic solid tumors.

KN046 has completed phase I clinical trials in Australia and has simultaneously been under a phase II clinical trial in the U.S. Currently, four pivotal clinical trials of KN046 in China have been launched, including two pivotal clinical trials in NSCLC, one pivotal phase III clinical trial in PDAC and one pivotal trial in thymic carcinoma. There are approximately 20 clinical trials around the world covering more than 10 types of tumors including NSCLC, triple-negative breast cancer, ESCC and thymic carcinoma, and the results of these clinical trials have demonstrated a preliminary profile of good safety and promising efficacy of KN046.

KN026

- We made advancement in evaluating the preliminary efficacy of KN026 for the treatment of human epidermal growth factor receptor 2 ("**HER2**") expression in patients with advanced GC or gastroesophageal junction cancer ("**GEJ**"). Such results were presented at the 2021 ASCO Annual Meeting from June 4, 2021 to June 8, 2021.

- On August 12, 2021, the first patient was successfully dosed in a phase II clinical trial of KN026 for the neoadjuvant treatment of HER2 positive early or locally breast cancer.

- In August 2021, the Company received a notice of approval from the NMPA for the supplementary application for a pharmaceutical change of KN026 for clinical use, which allows KN026 liquid formulation to be used in clinical research. This is the first HER2 bispecific antibody in liquid formulation approved for conducting clinical research in China.

- On August 23, 2021, Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("**Jiangsu Alphamab**"), the principal operating subsidiary wholly owned by the Company, 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 breast cancer and GC in Mainland China.

- We made advancement in evaluating the preliminary efficacy and safety results of KN026 in combination with KN046 in patients with HER2-positive gastrointestinal tumors. Such results were presented at the ESMO Congress 2021 from September 16, 2021 to September 21, 2021.

- We made progress in obtaining the preliminary safety and efficacy results of a phase II clinical trial of KN026 in combination with KN046 in patients with metastatic HER2-positive breast cancer. Such research progress was presented at the 44th San Antonio Breast Cancer Symposium (the "**SABCS 2021**") from December 7, 2021 to December 10, 2021.

- We made progress in a phase I clinical trial of KN026 for the treatment of patients with HER2-positive metastatic breast cancer. Such research progress was presented at the SABCS 2021 from December 7, 2021 to December 10, 2021.

- On January 4, 2022, the Company received an IND approval for KN026 from the NMPA for initiating a randomized and multi-center phase II/III clinical trial of KN026 to evaluate the efficacy and safety of KN026 combined with chemotherapy in patients with HER2-positive GC (including GEJ) who have failed first-line treatment.

- In January 2022, the phase II clinical trial of KN026 combined with KN046 in the treatment of HER2-positive solid tumors, successfully completed patient enrollment. The interim analysis is expected to be conducted in the second quarter of 2022.

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

- In March 2022, the preliminary results of phase II clinical trial of KN026 in combination with KN046 for the treatment of locally advanced unresectable or metastatic HER2-positive solid cancer were accepted for e-poster presentations at the 2022 AACR annual meeting.

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

- From June 4 to June 8, 2021, the study design of the ENVASARC pivotal trial conducted in the U.S. for KN035 was presented by TRACON Pharmaceuticals, Inc., the shares of which are listed on the Nasdaq Global Select Market (ticker symbol: TCON) in a poster session at the 2021 ASCO annual meeting.

- In June 2021, the Food and Drug Administration of the U.S. (the "**FDA**") has granted orphan drug designation ("**ODD**") to KN035 for the treatment of patients with soft tissue sarcoma. This is the second ODD for KN035 after the first ODD in advanced biliary track cancer and the fourth ODD that we obtained from the FDA.

- In September 2021, we obtained an IND approval from the NMPA for KN035 in combination of Lenvatinib for the treatment of patients who have failed or are intolerant of platinum-containing chemotherapy and are not suitable for radical treatment with locally advanced metastatic or recurrent non-microsatellite instability-high phenotype/non-DNA deficient mismatch repair endometrial cancer.

- On November 25, 2021, we formally obtained conditional approval from the NMPA for marketing KN035 (Envafolimab). The approval is for the treatment of adult patients with advanced solid tumors who have unresectable or metastatic advanced microsatellite instability-high phenotype/mismatch repair deficiency.

- On December 8, 2021, the Company, 3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司) ("**3D Medicines**") and Simcere Pharmaceutical Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2096), jointly announced that the first batch of prescriptions for KN035 (Envafolimab), the world's first subcutaneously injected PD-L1 antibody, has been implemented across China.

KN019

- The phase II clinical trial of KN019 for the treatment of rheumatoid arthritis completed the patient enrollment. The final analysis of clinical results is expected to be completed in the first half of 2022.

- In 2021, we initiated a clinical study on the bioavailability of KN019 in the switch from intravenous infusion to subcutaneous administration.

KN052

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

JSKN-003

- The Company completed the efficacy validation and process development for JSKN-003 in June 2021 and targets to submit IND application in the second quarter of 2022.

Manufacturing Facilities

- On July 6, 2020, we obtained a drug production license for the phase I of our new manufacturing facilities, with a 4,000L (2x2,000L) production capacity, from Jiangsu Drug Administration. The second stage construction of phase I production lines, pilot plant and preparation workshop, was completed in 2021. The third stage construction of phase I production lines, manufacturing facilities with a 6,000L (3x2,000L) production capacity, is ongoing and expected to be put into use in 2022. The phase II construction is under planning and the facility is designed to house over 40,000L production capacity in total.

Other Highlights

- On May 26, 2021, Jiangsu Alphamab entered into a collaboration agreement with Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("**Suzhou Alphamab**") for two technology development projects, namely, JSKN003 and the preparation process development project for mGalt1, a key material of conjugation process, and KN062 COVID-19 neutralizing bispecific antibody development project.

- In December 2021, the Company was listed as one of the 2021 Top 100 Chinese Pharmaceutical Innovative Enterprise (2021年中國醫藥創新企業100強). The Company has been acknowledged as such for the third consecutive year.

- 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).

For details of any foregoing, please refer to the rest of this announcement and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

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 tumor monoclonal antibodies, bispecific antibodies, and bispecific antibody-drug conjugates. Our differentiated tumor product pipeline includes one approved for marketing by the NMPA, three in late clinical stage, and three that have received IND approval or in schedule for IND submission. The following chart summarizes our product pipeline as of the date of this announcement:

Stage	Drug Candidate	Target(s)	Platform	Commercial Rights	Key Indications	Pre-clinical	Dose escalation	Proof of concept	Pivotal	NDA
Late-stage	KN046	PD-L1/CTLA-4 bispecific	sdAb/ mAb	Global	1L sq NSCLC, PD-(L)1 Refractory NSCLC, Thymic carcinoma, PDAC, HCC, ESCC, TNBC				interim analysis	
	KN026	HER2/HER2 bispecific	CRIB	Global	HER2-positive BC, GC/GEJ					
	KN026 +KN046	Target therapy +IO combo	Biomarker driven	Global	HER2-positive solid tumors					
	KN019	B7	Fusion protein	Global	Autoimmune				phase II ongoing	
On the market	KN035	SubQ PD-L1	sdAb/ mAb	Global Co-development	MSI-H, BTC, Sarcoma, TMB-H, MSS endometrial					already come to market
IND	KN052	PD-L1/OX40 bispecific	CRIB	Global	Solid tumors					
Pre-IND	JSKN-003	HER2 ADC	BADC	Global	HER2 solid tumors					
Pre-CLINICAL	JSKN-001	Undisclosed	CRIB	Global	Solid tumors					
	JSKN-002	Undisclosed	GIMC	Global	Solid tumors					
	JSKN-004	Undisclosed	TIMC	Global	Solid tumors					
	JSKN-005	Undisclosed	CIMC	Global	Solid tumors					
	JSKN-006	Undisclosed	BIMC	Global	Solid tumors					
	JSKN-008	Novel Structual CTLA-4 mAb	sdAb/mAb	Global	Maintenance therapy for solid tumors					

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, BIMC (bispecific immuno modulator conjugation) platform, TIMC (tri-function immuno modulator 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 achieved a major milestone with our drug pipeline and business operations in 2021, moving closer to complete our mission. In December 2021, after over seven years of meticulous R&D, we have commercialized KN035 (Envafolimab) (brand name: ENWEIDA，恩維達®) and achieved strong commercial success. We started to build our own core commercialization team in China with an initial focus on late-stage drug candidates and have continued to recruit key talents for medical affairs, governmental affairs and other related functions in 2021. 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 in a wide variety of therapeutic areas. The upcoming biologic license application of KN046 is expected to be made in the middle of 2022 and the one of KN026 is expected in 2024. We expect to cover major provinces and municipalities in China, 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.

The continuing global outbreak of COVID-19 and the quarantine measures imposed by governments in 2021 have created challenges to the Group's business operations, including but not limited to the patient enrollment of clinical trials, approval of regulatory registration, procurement of raw materials and marketing activities for KN035 (Envafolimab), which also brought challenges to our development and commercial partners and clinical sites. Benefited from the strong and effective control measures by the People's Republic of China ("**PRC**") government, the pandemic had a limited impact on our business operations as of the date of this announcement. However, the continued uncertainty in the development of global pandemic and the emergence of different variants of COVID-19 virus may have potential negative impact on the Group's business. 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. The Group will continue to monitor the pandemic situation and react actively to such impact. In addition, the Group, through collaboration with academic institute, initiated R&D projects to address COVID-19 variants with bispecific and antibody engineering platforms. The Group will continue to explore potential opportunities to develop our core and related business, further develop our drug candidates, and to allocate substantial resources to make further progress in our R&D, product pipeline and regulatory approvals.

Future Development

In 2021, we have continuously made steady progress in our R&D of our drug candidates, have explored strategic collaboration with our business partners, and have reached significant commercialization milestones despite the impact of COVID-19 pandemic. 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 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. 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, we will further advance our pre-clinical programs on over 10 multi-specific immune-oncology drug candidates and will leverage our technology platforms to discover, validate and select targets and lead candidates to enrich our early-stage pipeline with a focus on immuno-oncology based bispecific and multi-specific drugs. 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 strategic collaboration opportunities for our core products, such as co-development, collaboration in combination development, and out-licensing.

FINANCIAL REVIEW

Overview

We commenced to commercialize KN035 (Envafolimab) and entered into a licensing agreement with JMT-Bio to develop and commercialize KN026 in 2021. We recorded total revenue of RMB146.0 million for the year ended December 31, 2021 and recorded total cost of sales of RMB3.0 million for the corresponding period. For the year ended December 31, 2021, the Group recorded other income of RMB47.0 million, as compared with RMB111.1 million for the year ended December 31, 2020. We recorded other losses of RMB30.6 million for the year ended December 31, 2021, as compared to RMB117.6 million for the year ended December 31, 2020. Our total comprehensive expense amounted to RMB411.3 million for the year ended December 31, 2021, as compared with RMB428.3 million for the year ended December 31, 2020. The R&D expenses of the Group amounted to RMB481.4 million for the year ended December 31, 2021, as compared with RMB331.2 million for the year ended December 31, 2020. The administrative expenses amounted to RMB77.3 million for the year ended December 31, 2021 as compared with RMB78.2 million for the year ended December 31, 2020. The finance costs amounted to RMB13.2 million for the year ended December 31, 2021 as compared with RMB11.8 million for the year ended December 31, 2020.

Revenue

KN035 (Envafolimab) (brand name: ENWEIDA，恩維達®) is our first drug product that has been commercialized. We commenced to commercialize KN035 (Envafolimab) at the end of 2021 and entered into a licensing agreement with JMT-Bio to develop and commercialize KN026 for the treatment of breast cancer and GC in Mainland China in August 2021. We recorded total revenue of RMB146.0 million for the year ended December 31, 2021. The Group mainly generated revenue from (i) sales of pharmaceutical product; (ii) royalty income; (iii) license fee income; and (iv) 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,	
	2021	2020
	RMB' 000	*RMB' 000*
Time of revenue recognition		
A point in time		
Sales of pharmaceutical products and royalty income	**11,608**	–
License fee income	**132,787**	–
Provision of goods/consumables for R&D projects	**1,614**	–
	146,009	–
Overtime		
Co-development and commercialization income	**12**	–
	146,021	–

During the year ended December 31, 2021, the Group recorded license fee income of RMB132.8 million, primarily due to the collaboration with JMT-Bio under a licensing agreement entered into between JMT-Bio and the Group in August 2021, pursuant to which the Group granted to JMT-Bio an exclusive right for the R&D and commercialization of KN026 in Mainland China. 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 when JMT-Bio has the practical ability to use the license.

During the year ended December 31, 2021, we recorded sales or pharmaceutical products and royalty income of RMB11.6 million, primarily from our collaboration with 3D Medicines (the "**Collaboration with 3D Medicines**"). The Group and 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 Mainland 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, 2021, revenue from the sales of KN035 product amounted to 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, 2021, the Group also recognized revenue of 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) Co., Ltd. (四川思路康瑞藥業有限公司) ("**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. No such revenue was recorded for the year ended December 31, 2020.

For the year ended December 31, 2021, we also recorded revenue of RMB1.6 million for the provision of goods and consumables for R&D projects, primarily because we provided goods and consumables for R&D projects to JMT-Bio during clinical stage. Such revenue is recognized at a point in time when control of the goods has been delivered and acknowledged by JMT-Bio. No such revenue was recorded for the year ended December 31, 2020.

For the year ended December 31, 2021, the Group recognized revenue of 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. As of December 31, 2021, the Group recognized contract liabilities of RMB12.8 million in relation to this performance obligation, in which RMB0.2 million is expected to be recognized as revenue within the next twelve months from the end of the Reporting Period. No such revenue was recorded for the year ended December 31, 2020.

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, 2021, the Group recorded cost of sales of RMB3.0 million primarily attributable to cost to sales of pharmaceutical products of RMB2.1 million, and cost to provision of goods and consumables for R&D projects of RMB0.9 million, while no such cost was recorded for the year ended December 31, 2020.

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, 2021, the Group's other income decreased by RMB64.1 million to RMB47.0 million, as compared to RMB111.1 million for the year ended December 31, 2020. Our interest income decreased from RMB64.7 million for the year ended December 31, 2020 to RMB27.8 million for the year ended December 31, 2021, primarily due to the decrease in bank deposits. Our government grants income mainly included subsidies from the PRC local government in support of oncology drug development, which decreased from RMB44.9 million for the year ended December 31, 2020 to RMB13.6 million for the year ended December 31, 2021 primarily because we had fewer new projects and our existing projects were still pending for completion of local government inspection.

Other Losses

The Group's other losses primarily consisted of net exchange losses in relation to the impact of foreign currency translation, offset by the gains on derivative financial instruments.

For the year ended December 31, 2021, we recorded RMB30.6 million of other losses, compared to RMB117.6 million of other losses for the year ended December 31, 2020, mainly arising from unrealized net foreign exchange adjustment as a result of the weakening of certain major currency, in particular, the U.S. dollar, against the RMB, partially offset by a gain of approximately RMB11.0 million related to the investment on derivative financial instrument such as foreign currency forward contracts and option contracts.

R&D Expenses

The Group's R&D expenses primarily comprised 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 share option 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, 2021, our R&D expenses increased by RMB150.2 million to RMB481.4 million, compared to RMB331.2 million for the year ended December 31, 2020, primarily due to (i) the increase in the number of ongoing clinical trials; (ii) the expansion of the scale of our clinical studies; (iii) the advancement of clinical trials of our drug candidates; and (iv) the increase in staff cost due to the increase in our R&D staff. The following table sets forth the breakdown of our R&D expenses by nature for the years indicated.

	For the year ended December 31,			
	2021		2020	
	(RMB in thousands, except percentages)			
Third-party contracting costs	**236,986**	**49.2%**	161,258	48.7%
Staff costs	**95,671**	**19.9%**	65,706	19.8%
Raw material costs	**74,053**	**15.4%**	61,429	18.5%
Office rental costs, utilities, and depreciation and amortization	**47,160**	**9.8%**	31,408	9.5%
Others	**27,491**	**5.7%**	11,440	3.5%
Total	**481,361**	**100.00%**	331,241	100.00%

Administrative Expenses

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

Our administrative expenses decreased by RMB0.9 million to RMB77.3 million for the year ended December 31, 2021, from RMB78.2 million for the year ended December 31, 2020, primarily due to the decrease in the share-based payment expenses.

Finance Costs

The Group's finance costs primarily comprised of (i) bank borrowings; (ii) contract liabilities; and (iii) lease liabilities related to our leases of office premises and R&D facilities.

Our finance costs amounted to RMB13.2 million for the year ended December 31, 2021, as compared to RMB11.8 million for the year ended December 31, 2020, primarily due to the increase in borrowings utilized for the second and third stage construction of our phase I production lines.

Income Tax Expense

We had unused tax losses of RMB1,814.7 million available for set off against future profits as of December 31, 2021, compared to unused tax losses of RMB1,028.1 million for the year ended December 31, 2020. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams.

For the year ended December 31, 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 RMB15.4 million to RMB412.4 million for the year ended December 31, 2021 from RMB427.8 million for the year ended December 31, 2020.

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 RMB114.1 million to RMB475.1 million as of December 31, 2021, compared to RMB361.0 million as of December 31, 2020, primarily because of the new R&D center and manufacturing equipment for the initiation of the second and third stage construction of our phase I constructing project.

Right-of-use Assets

Under International Financial Reporting Standard ("**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 increased by RMB23.4 million to RMB55.4 million as of December 31, 2021, compared to RMB32.0 million as of December 31, 2020, primarily due to the renewal of lease agreement with Suzhou Alphamab in 2021 and the increase in the lease area.

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 RMB13.6 million to RMB57.9 million as of December 31, 2021, compared to RMB44.3 million as of December 31, 2020, primarily due to the increase in raw materials and other consumables for our R&D activities, and the finished products and semi-finished products manufactured for the commercialization of KN035.

Trade Receivables

The Group's trade receivables primarily consisted of trade receivables with contracts with customers. Our trade receivables for the year ended December 31, 2021 amounted to RMB7.6 million as compared to nil for the year ended December 31, 2020, primarily due to the commencement of sales of KN035 in 2021.

Other Receivables, Deposits and Prepayments

The Group's other receivables, deposits and prepayments primarily consisted of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to contract research organizations and other third parties for services relating to our clinical trials; (ii) deposits and interest receivables mainly related to our time deposits; and (iii) value-added tax ("**VAT**") refundable 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 RMB15.4 million to RMB103.9 million as of December 31, 2021, compared to RMB119.3 million as of December 31, 2020, primarily due to the decrease in time deposits.

Derivative Financial Instruments

We recorded RMB5.6 million of derivative financial instruments for the year ended December 31, 2021, as compared to RMB5.9 million for the year ended December 31, 2020, primarily because we entered into several foreign exchange forward contracts with banks in order to manage our foreign currency exposure in relation to U.S. dollars against RMB and did not elect to adopt hedge accounting for those contracts.

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

Our cash and cash equivalents mainly comprised 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 significantly from RMB185.3 million as of December 31, 2020 to RMB803.3 million as of December 31, 2021, while our time deposits with original maturity over three months decreased from RMB1,835.4 million as of December 31, 2020 to RMB1,128.2 million as of December 31, 2021, primarily because a majority of our time deposits with original maturity over three months turned into deposits with original maturity less than three months as matured over time.

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 increased from RMB43.5 million as of December 31, 2020 to RMB54.0 million as of December 31, 2021, primarily due to the purchase of non-principal-guaranteed wealth management products as our financial investments.

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 our new facilities and the procurement of equipment and machinery for our new facilities. Our trade and other payables also included accrued R&D expenses and staff costs, which largely relate to our clinical studies.

Our trade and other payables increased from RMB121.9 million as of December 31, 2020 to RMB150.0 million as of December 31, 2021, primarily due to the significant increase in the clinical trial fees paid to the clinical trial sites.

Amount Due to a Related Company

Our amount due to a related company, Suzhou Alphamab, increased from RMB3.8 million as of December 31, 2020 to RMB17.0 million as of December 31, 2021. Our amount due to Suzhou Alphamab as of December 31, 2021 was primarily due to the technology development service fees payable to Suzhou Alphamab.

Lease Liabilities

The Group's lease liabilities related 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 increased from RMB13.5 million as of December 31, 2020 to RMB33.5 million as of December 31, 2021, primarily because of the renewal of lease agreement with Suzhou Alphamab and the increase of the total lease area.

Contract Liabilities

We recorded contract liabilities of RMB12.7 million and RMB28.5 million as of December 31, 2020 and 2021, respectively. Our contract liabilities represented the upfront payment of RMB12.8 million that we recognized for co-development and commercialization of KN035 and the upfront payment of RMB15.7 million in relation to our performance obligation of providing goods and consumables for R&D projects to JMT-Bio. 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. 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 with the qualified banks and international banks with good reputation. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

As of December 31, 2021, 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. The Company believes that it has sufficient funds to satisfy our working capital and capital expenditure requirements for 2022.

Borrowings

As of December 31, 2021, our bank borrowings of RMB603.8 million, had effective interest rates of 3.40% to 4.10%. As of December 31, 2021, our bank borrowings were secured by property, plant and equipment of RMB245.8 million and land use rights in our right-of-use assets of RMB21.7 million.

Key Financial Ratios

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

	As of December 31,	
	2021	2020
Current ratio[(1)]	**3.32**	6.67
Quick ratio[(2)]	**3.23**	6.54
Gearing ratio[(3)]	**(0.11)**	0.01

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, 2021. In addition, there is no current plan of the Group for material investments or additions of material capital assets as of December 31, 2021.

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, 2021.

Pledge of Assets

As of December 31, 2021, the Group had a total RMB245.8 million of property, plant and equipment and RMB21.7 million of land use rights pledged to secure its loans and banking facilities.

Contingent Liabilities

As of December 31, 2021, 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, 2021, 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, 2021, a significant amount of the Group's bank balances and cash was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables, and other financial liabilities denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2021.

Employees and Remuneration

As of December 31, 2021, the Group had 459 employees. The total remuneration cost incurred by the Group for the year ended December 31, 2021 was RMB139.0 million, as compared to RMB114.8 million for the year ended December 31, 2020.

The remuneration package of our employees includes salary, bonus and share option 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 for further details.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended December 31, 2021 RMB' 000	2020 RMB' 000
Revenue	4	**146,021**	**–**
Cost of Sales		**(3,028)**	**–**
Gross profit		**142,993**	**–**
Other income	5	**46,954**	111,136
Other losses	6	**(30,570)**	(117,627)
R&D expenses	8	**(481,361)**	(331,241)
Administrative expenses		**(77,251)**	(78,208)
Finance costs	7	**(13,182)**	(11,826)
Loss before taxation	9	**(412,417)**	(427,766)
Income tax expense		**–**	–
Loss for the year	10	**(412,417)**	(427,766)
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) arising on translation of a foreign operation		**1,108**	(506)
Total comprehensive expense for the year		**(411,309)**	(428,272)
Loss per share in RMB			
– Basic	11	**(0.44)**	(0.46)
– Diluted		**(0.44)**	(0.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As of December 31, 2021 RMB' 000	2020 RMB' 000
Non-current assets			
Property, plant and equipment	*12*	**475,142**	361,030
Right-of-use assets	*13*	**55,381**	31,991
Deposits paid for acquisition of property, plant and equipment		**13,998**	12,797
Other receivables, deposits and prepayments	*16*	**44,021**	34,476
		588,542	440,294
Current assets			
Inventories	*14*	**57,908**	44,321
Trade receivables	*15*	**7,606**	–
Other receivables, deposits and prepayments	*16*	**59,921**	84,795
Financial assets at FVTPL		**54,010**	43,530
Derivative financial instruments	*17*	**5,630**	5,863
Time deposits with original maturity over three months		**1,128,168**	1,835,398
Cash and cash equivalents		**803,306**	185,321
		2,116,549	2,199,228
Current liabilities			
Trade and other payables	*18*	**150,024**	121,939
Amount due to a related company	*19*	**17,047**	3,765
Lease liabilities – current portion		**13,824**	10,146
Contract liabilities – current portion	*20*	**4,383**	469
Bank borrowings – current portion		**449,990**	188,000
Deferred income	*21*	**1,992**	5,216
		637,260	329,535
Net current assets		**1,479,289**	1,869,693
Total assets less current liabilities		**2,067,831**	2,309,987

	NOTES	As of December 31, 2021	2020
		RMB' 000	*RMB' 000*
Non-current liabilities			
Lease liabilities – non-current portion		**19,630**	3,309
Contract liabilities – non-current portion	*20*	**24,086**	12,244
Bank borrowings – non-current portion		**153,826**	21,350
		197,542	36,903
Net assets		**1,870,289**	2,273,084
Capital and reserves			
Share capital		**13**	13
Reserves		**1,870,276**	2,273,071
Total equity (equity deficiency)		**1,870,289**	2,273,084

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, 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realizable value of inventories.

The application of the above amendments to IFRSs and agenda decision 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.

The Directors anticipate that the application of all of the above new and amendments to IFRSs which have been issued 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 in the accounting policies set out below.

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:

	2021	2020
	RMB' 000	*RMB' 000*
Time of revenue recognition		
A point of time		
Sales of pharmaceutical products and royalty income *(Note i)*	**11,608**	**–**
License fee income *(Note ii)*	**132,787**	**–**
Provision of goods/consumables for R&D projects *(Note ii)*	**1,614**	**–**
	146,009	**–**
Overtime		
Co-development and commercialization income *(Note i)*	**12**	
	146,021	**–**

Note:

(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) phenotype/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, 2021, the Group recognized revenue on co-development and commercialization of KN035 amounting to RMB12,000. As at December 31, 2021, the Group recognized contract liabilities amounting to RMB12,763,000 (Note 20) in relation to this performance obligation, in which RMB172,000 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 RMB10.0 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. The Group started selling KN035 product in December, 2021 and for the year ended December 31, 2021, revenue recognized on sales of KN035 product amounting to 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, 2021, revenue recognized on royalty income amounting to 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 R&D and further commercialization of KN026, a drug candidate that was initially developed by the Group for the treatment of HER2-positive breast cancer and GC/GEJ, in Mainland China.

The considerations for the agreement comprise a fixed element (a non-refundable upfront payment of RMB150 million) and variable elements (including progress-dependent milestones and tiered royalties on the product sales).

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 R&D 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 R&D projects as stated below.

For provision of goods/consumables for R&D 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, 2021, the Group recognized revenue of RMB1,614,000 in relation to the performance obligation of providing goods/consumables for R&D projects to JMT-Bio. 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, 2021, the Group recognized contract liabilities amounting to RMB15,706,000 (Note 20) in relation to this performance obligation, in which RMB4,211,000 is expected to be recognized as revenue within the next twelve months from the end of the Reporting Period.

As at December 31, 2021, the remaining progress-dependent milestone payments amount up to an aggregate amount of RMB850 million (2020: nil) (excluding sales-based tiered royalties arrangement in accordance with relevant contracts).

The consideration for tiered royalties relate to the subsequent sales of the drugs upon KN026 commercialization which is linked to the success of the R&D of KN026. The royalties are recognized as revenue when the subsequent sales are made.

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, 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:

	2021	2020
	RMB' 000	*RMB' 000*
JMT-Bio *(Note)*	**134,401**	**–**

Note: The revenue represents license fee income earned and income from provision of goods/ consumables for R&D projects.

5. OTHER INCOME

	2021	2020
	RMB' 000	*RMB' 000*
Interest income	**27,807**	64,660
Government grants income *(Note)*	**13,632**	44,898
Others	**5,515**	1,578
	46,954	111,136

Note: Government grants income mainly includes subsidies from the PRC local government in support of oncology drug development.

6. OTHER LOSSES

	2021	2020
	RMB' 000	*RMB' 000*
Exchange losses, net	**(41,410)**	(122,148)
Gain on derivative financial instruments	**10,995**	6,778
Others	**(155)**	(2,257)
	(30,570)	(117,627)

7. FINANCE COSTS

	2021	2020
	RMB' 000	*RMB' 000*
Interest expenses on:		
Bank borrowings	**14,805**	10,439
Contract liabilities	**639**	511
Lease Liabilities	**585**	876
	16,029	11,826
Less: Interest capitalized in construction in progress ("**CIP**")	**(2,847)**	–
	13,182	11,826

Borrowing costs capitalized during the year ended December 31, 2021 arose on the specific bank borrowings for the construction of new facilities.

8. R&D EXPENSES

	2021	2020
	RMB' 000	*RMB' 000*
Outsourcing service fees	**236,986**	161,258
Staff costs	**95,671**	65,706
Raw material costs	**74,053**	61,429
Office rental costs, utilities, and depreciation and amortization	**47,160**	31,408
Others	**27,491**	11,440
	481,361	331,241

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% (2020: 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.

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% (2020: 27.5%). Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 26% (2020: 27.5%).

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

	2021	2020
	RMB' 000	*RMB' 000*
Loss for the year has been arrived at after charging:		
Directors' remuneration	**18,525**	23,738
Other staff costs:		
Salaries and other allowances	**101,849**	67,511
Retirement benefits scheme contributions	**18,446**	5,722
Share-based payment expenses	**227**	17,788
Total staff costs	**139,047**	114,759
Auditor's remuneration	**2,414**	2,690
Short-term lease expenses	**335**	344
Depreciation of property, plant and equipment	**28,521**	18,980
Depreciation of right-of-use assets	**12,581**	11,147
Cost of inventories recognized as an expense	**74,053**	61,429

11. LOSS PER SHARE

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

	2021	2020
	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	**(412,417)**	(427,766)
Number of shares ('000)		
Weighted average number of shares for the purposes of basic and diluted loss per share	**935,486**	929,749

The calculation of basic and diluted loss per share for the years ended December 31, 2021 and 2020, has not considered, where appropriate, the share options awarded under the pre-IPO share option scheme, the share options under the post-IPO share option scheme, and the restricted shares that have not yet been vested as their inclusion would be anti-dilutive. The calculation of diluted loss per share for the year ended December 31, 2020 has also not considered the exercise of the Company's over-allotment options 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, 2020	231,581	21,584	408	13,309	67,270	334,152
Additions	–	1,433	–	2,259	44,367	48,059
Transfer	6,155	63,937	–	18,123	(88,215)	–
As at December 31, 2020	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**
DEPRECIATION						
As at January 1, 2020	913	1	212	1,075	–	2,201
Provided for the year	10,951	3,264	114	4,651	–	18,980
As at December 31, 2020	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**
CARRYING VALUES						
As at December 31, 2021	**204,368**	**91,320**	**1,396**	**34,977**	**143,081**	**475,142**
As at December 31, 2020	225,872	83,689	82	27,965	23,422	361,030

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% – 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, 2020 Carrying amounts	22,669	19,684	42,353
As at December 31, 2020 Carrying amounts	22,175	9,816	31,991
As at December 31, 2021 Carrying amounts	21,680	33,701	55,381
For the year ended December 31, 2020 Depreciation charge	494	10,653	11,147
For the year ended December 31, 2021 Depreciation charge	495	12,086	12,581

	2021 ***RMB' 000***	2020 *RMB' 000*
Total cash outflow for leases *(Note)*	**17,161**	11,736
Additions to right-of-use assets	**39,051**	785

Note:

The total cash outflows for leases amounted to RMB17,161,000 (2020: RMB11,736,000) (including short-term leases) for the year ended December 31, 2021, out of which RMB10,066,000 (2020: RMB10,066,000) was paid to Suzhou Alphamab.

The Group leased various property, plant and equipment to operate its R&D activities. The lease terms range from 6 months to 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 RMB12,126,000 (2020: RMB466,000) and (ii) plant and equipment of RMB21,575,000 (2020: RMB9,350,000). In addition, lease liabilities of RMB39,051,000 (2020: RMB785,000) are recognized with related right-of-use assets of RMB39,051,000 (2020: RMB785,000) during the year ended December 31, 2021.

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 only if the payments made can be allocated reliably.

As at December 31, 2020 and 2021, all right-of-use assets are located in the PRC.

14. INVENTORIES

	2021	2020
	RMB' 000	*RMB' 000*
Raw materials and other consumables	**49,989**	44,321
Work in progress	**5,741**	–
Finished goods	**2,178**	–
	57,908	44,321

15. TRADE RECEIVABLES

	2021	2020
	RMB' 000	*RMB' 000*
Trade receivables with contracts with customers	**7,606**	–

As at January 1, 2020, there was no trade receivables from contracts with customers.

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

	2021	2020
	RMB' 000	*RMB' 000*
0-60 days	**7,606**	–

As at December 31, 2021, none of the Group's trade receivables are past due as of the end of the Reporting Period.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	RMB' 000	*RMB' 000*
Deposits	**2,007**	1,302
Interest receivables	**12,021**	41,853
Prepayments	**46,546**	41,290
Other receivables	**766**	1,097
Value-added tax recoverable	**42,602**	33,729
Total	**103,942**	119,271
Presented as non-current assets	**44,021**	34,476
Presented as current assets	**59,921**	84,795
	103,942	119,271

17. DERIVATIVE FINANCIAL INSTRUMENTS

	2021	2020
	RMB' 000	*RMB' 000*
Derivatives (not under hedge accounting)		
Foreign currency forward contracts	**5,876**	5,863
Foreign currency option contracts	**(246)**	–

The Group entered into several foreign exchange forward contracts with banks in order to manage the Group's foreign currency exposure in relation to US$ against RMB and did not elect to adopt hedge accounting for those contracts. The major terms of these contracts as at December 31, 2021 presented in the consolidated financial statements are as follows:

	Average strike rate as at December 31, 2021	**Foreign currency as at December 31, 2021**	**Nominal value as at December 31, 2021**	**Fair value as at December 31, 2021**
		US$'000	***RMB'000***	***RMB'000***
Sell US$				
7 to 12 months	**6.7113**	**28,005**	**187,952**	**5,876**

Under the foreign currency forward contracts, the Group will pay to the bank notional amount of US$ and receive from the bank an amount in RMB equal to the product of the relevant notional amount of US$ anytime before the maturity date and the relevant forward rate as specified within the respective contracts.

The Group entered into several foreign exchange option contracts with banks in order to manage the Group's foreign currency exposure in relation to US$ against RMB and did not elect to adopt hedge accounting for those contracts. The major terms of these contracts as at December 31, 2021 presented in the consolidated financial statements are as follows:

	Average strike rate as at December 31, 2021	**Foreign currency as at December 31, 2021**	**Nominal value as at December 31, 2021**	**Fair value as at December 31, 2021**
		US$'000	***RMB'000***	***RMB'000***
Sell US$				
7 to 12 months	**6.8000**	**20,000**	**136,000**	**(246)**

Under the foreign currency option contracts, the Group has the right but not the obligation to sell USD and buy RMB at strike rate if the spot rate on the settlement date is at or below the strike rate.

18. TRADE AND OTHER PAYABLES

	2021	2020
	RMB' 000	*RMB' 000*
Trade payables	**11,434**	1,512
Accrued expenses		
– Outsourcing service fees	**70,887**	51,150
– Other R&D expenses	**10,765**	4,711
– Staff costs	**21,207**	15,858
– Interest payable	**691**	238
– Others	**5,488**	5,650
	109,038	77,607
Payables for acquisition of property, plant and equipment	**21,701**	38,831
Other payables	**7,851**	3,989
Total	**150,024**	121,939

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:

	2021	2020
	RMB' 000	*RMB' 000*
0-90 days	**11,434**	1,512

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

	2021	2020
	RMB' 000	*RMB' 000*
US$	**2,016**	727
Great Britain Pound	**323**	287

19. AMOUNT DUE TO A RELATED COMPANY

The balance is trade in nature, unsecured, interest-free and have no fixed repayment terms.

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

	2021	2020
	RMB' 000	*RMB' 000*
Over 90 days	**17,047**	3,765

20. CONTRACT LIABILITIES

	2021	2020
	RMB'000	*RMB'000*
Provision of goods/consumables for R&D projects	**15,706**	**–**
Amounts received in advance for co-development and commercialization of KN035	**12,763**	12,244
Others	**–**	469
	28,469	12,713
Analyzed for reporting purposes as:		
Current *(Note ii)*	**4,383**	469
Non-current *(Note iii)*	**24,086**	12,244

Notes:

(i) As at January 1, 2020, contract liabilities amounted to RMB11,733,000.

(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

	2021	2020
	RMB'000	*RMB'000*
Income related government grants	**1,992**	**5,216**

Movements of government grants:

	Total
	RMB'000
At January 1, 2020	17,000
Government grant received	15,000
Amortized to profit or loss	(26,784)
At January 1, 2021	**5,216**
Amortized to profit or loss	**3,224**
At December 31, 2021	**1,992**

22. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended December 31, 2021 (2020: 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, 2021 (2020: 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 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.

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, 2021, the Company has complied with all applicable code provisions set out in the Corporate Governance Code except for the deviations from code provision C.2.1 of the Corporate Governance Code. Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. Xu Ting currently serves as the chairman of the Board 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 of the Board and the chief executive officer of the Company.

The Company regularly reviews its compliance with corporate governance codes and the Board believes that save as disclosed above, the Company was in compliance with the applicable code provisions of the Corporate Governance Code for the year ended December 31, 2021.

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

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

Compliance with the Model Code

The Company has adopted the Model Code 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 its 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 two independent non-executive Directors and one non-executive Director, namely Mr. WEI Kevin Cheng, Mr. WU Dong and Mr. QIU Yu Min. 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, 2021 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, 2021 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 Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by 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, 2021, approximately HK$389.3 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, 2021**		**Amounts not yet utilized as of December 31, 2021**	
	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%	123.7	31.8%	693.3	41.9%
– the launch and, subject to regulatory approval, commercialization of KN046	204.3	10.0%	30.9	7.9%	173.4	10.5%
Subtotal	***1,021.3***	***50.0%***	***154.6***	***39.7%***	***866.7***	***52.4%***
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%	37.9	9.7%	288.9	17.5%
– the launch and, subject to regulatory approval, commercialization of KN026	81.7	4.0%	9.5	2.4%	72.2	4.4%
Subtotal	***408.5***	***20.0%***	***47.4***	***12.1%***	***361.1***	***21.9%***

	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, 2021		Amounts not yet utilized as of December 31, 2021	
	HK$ million	*Percentage*	*HK$ million*	*Percentage*	*HK$ million*	*Percentage*
the R&D of KN019	102.1	5.0%	7.59	2.0%	94.5	5.7%
Subtotal	***1,531.9***	***75.0%***	***209.6***	***53.8%***	***1,322.30***	***80.0%***
The construction of our new manufacturing and R&D facilities in Suzhou	**306.4**	**15.0%**	**148.2**	**38.1%**	**158.6**	**9.6%**
The early-stage pipeline and our working capital and general corporate purposes	**204.3**	**10.0%**	**31.5**	**8.1%**	**172.8**	**10.5%**
Total	**2,042.5**	**100.0%**	**389.3**	**100.0%**	**1,653.3**	**100.0%**

The Company expects that approximately HK$1,000.0 million to HK$1,200.0 million, accounting for approximately 50.0% to 62.0% of the net proceeds of the Global Offering, will be utilized by end of 2022 and plans to utilize the balance of net proceeds of the global offering by the end of 2023. 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. The unutilized net proceeds have been deposited in reputable banks in Mainland China and Hong Kong.

Subsequent Events

Save as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2021 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 Friday, June 10, 2022. 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 Tuesday, June 7, 2022 to Friday, June 10, 2022, 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 Friday, June 10, 2022. 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 Monday, June 6, 2022.

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.alphamab.com).

The annual report for the year ended December 31, 2021 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 2022.

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 29, 2022

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 and Mr. QIU Yu Min as Non-executive Directors, and Dr. GUO Zijian, Mr. WEI Kevin Cheng and Mr. WU Dong as Independent Non-executive Directors.