The following is the text of a report set out on pages I-1 to I-73, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ALPHAMAB ONCOLOGY, MORGAN STANLEY ASIA LIMITED, CLSA CAPITAL MARKETS LIMITED AND JEFFERIES HONG KONG LIMITED

Introduction

We report on the historical financial information of Alphamab Oncology (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-73, which comprises the consolidated statements of financial position as at 31 December 2017 and 31 December 2018 and 30 June 2019, the statements of financial position of the Company as at 31 December 2018 and 30 June 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the two years ended 31 December 2018 and the six months ended 30 June 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 2 December 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2017 and 31 December 2018 and 30 June 2019, of the Company's financial position as at 31 December 2018 and 30 June 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2 December 2019

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Six months ended 30 June	
	NOTES	**2017**	**2018**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income	*7*	1,428	783	403	11,025
Other gains (losses), net	*8*	–	(9,833)	(2)	1,280
Fair value change of convertible redeemable preferred shares	*27*	–	(26,284)	–	22,436
Research and development expenses		(53,221)	(65,608)	(26,577)	(55,752)
Administrative expenses		(13,025)	(25,857)	(9,240)	(24,661)
Reorganization related expenses		–	(69,416)	(64,453)	–
Finance costs	*9*	(8)	(1,507)	(173)	(235)
Listing expenses		–	(4,911)	–	(12,878)
Loss before taxation		(64,826)	(202,633)	(100,042)	(58,785)
Income taxation	*10*	–	–	–	–
Loss for the year/period	*11*	(64,826)	(202,633)	(100,042)	(58,785)
Other comprehensive income for the year/period					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of a foreign operation		–	40	2	(9)
Total comprehensive expense for the year/period		(64,826)	(202,593)	(100,040)	(58,794)
Loss for the year/period attributable to:					
Owners of the Company		(33,061)	(149,843)	(51,951)	(58,785)
Non-controlling interests		(31,765)	(52,790)	(48,091)	–
		(64,826)	(202,633)	(100,042)	(58,785)
Total comprehensive expense for the year/period attributable to:					
Owners of the Company		(33,061)	(149,803)	(51,949)	(58,794)
Non-controlling interests		(31,765)	(52,790)	(48,091)	–
		(64,826)	(202,593)	(100,040)	(58,794)
Loss per share	*15*				
– Basic (RMB)		(0.19)	(0.42)	(0.21)	(0.11)
– Diluted (RMB)		N/A	(0.42)	N/A	(0.12)

STATEMENTS OF FINANCIAL POSITION

		The Group			The Company	
		As at 31 December		As at 30 June	As at 31 December	As at 30 June
	NOTES	2017	2018	2019	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets						
Property, plant and equipment	*16*	11,085	104,944	182,642	–	–
Right-of-use assets	*17*	23,659	27,912	47,808	–	–
Deposits paid for acquisition of property, plant and equipment		568	26,965	29,581	–	–
Other receivables and deposits	*19*	50	10,969	27,019	–	–
Investments in subsidiaries	*38*	–	–	–	563,098	982,055
Amounts due from subsidiaries	*21*	–	–	–	29,591	29,684
		35,362	170,790	287,050	592,689	1,011,739
Current assets						
Inventories	*18*	3,486	7,068	20,506	–	–
Other receivables, deposits and prepayments	*19*	7,072	15,323	33,492	1,812	9,231
Financial assets at fair value through profit or loss ("FVTPL")	*20*	600	–	1,680	–	–
Time deposits with original maturity over three months	*22*	–	–	653,751	–	249,964
Cash and cash equivalents	*22*	57	633,712	253,562	259,249	1,897
		11,215	656,103	962,991	261,061	261,092
Current liabilities						
Trade and other payables	*23*	8,258	67,208	87,977	6,021	15,309
Amount due to a related company	*21*	2,008	5,090	378	–	–
Lease liabilities – current portion	*24*	–	10,502	10,718	–	–
		10,266	82,800	99,073	6,021	15,309
Net current assets		949	573,303	863,918	255,040	245,783
Total assets less current liabilities		36,311	744,093	1,150,968	847,729	1,257,522
Non-current liabilities						
Bank borrowings	*26*	–	100,000	150,000	–	–
Convertible redeemable preferred shares	*27*	–	900,603	1,288,581	900,603	1,288,581
Lease liabilities – non-current portion	*24*	–	518	15,659	–	–
Contract liabilities	*25*	10,000	10,000	10,000	–	–
		10,000	1,011,121	1,464,240	900,603	1,288,581
Net assets (liabilities)		26,311	(267,028)	(313,272)	(52,874)	(31,059)
Capital and reserves						
Paid-in capital/share capital	*28*	20,400	7	7	7	7
Reserves	*37*	(6,981)	(267,035)	(313,279)	(52,881)	(31,066)
Equity attributable to owners of the Company		13,419	(267,028)	(313,272)	(52,874)	(31,059)
Non-controlling interests		12,892	–	–	–	–
Total equity (deficit)		26,311	(267,028)	(313,272)	(52,874)	(31,059)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Paid-in capital/share capital	Other reserve	Translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	20,400	(3,446)	–	(1,517)	15,437	14,832	30,269
Loss and total comprehensive expense for the year *(note i)*	–	(30,403)	–*	(2,658)	(33,061)	(31,765)	(64,826)
Net contribution by Suzhou Alphamab (as defined in Note 2) *(note ii)*	–	31,043	–	–	31,043	29,825	60,868
At 31 December 2017	20,400	(2,806)	–	(4,175)	13,419	12,892	26,311
Loss for the year *(note i)*	–	(6,645)	–	(143,198)	(149,843)	(52,790)	(202,633)
Other comprehensive income for the year	–	–	40	–	40	–	40
Total comprehensive (expense) income for the year	–	(6,645)	40	(143,198)	(149,803)	(52,790)	(202,593)
Capital injection in Jiangsu Alphamab (as defined in Note 2) on 9 February 2018	10,200	–	–	–	10,200	9,800	20,000
Issue of ordinary shares by the Company *(Note 28)*	7	–	–	–	7	–	7
Net contribution by Suzhou Alphamab *(note ii)*	–	4,864	–	–	4,864	4,673	9,537
Acquisition of additional equity interest in Jiangsu Alphamab *(note iii)*	8,820	32,635	–	–	41,455	22,998	64,453
Transfer of the Oncology Business (as defined and detailed in Note 2)	–	(67,412)	–	–	(67,412)	(64,768)	(132,180)
Arising from the Reorganisation	(39,420)	(80,338)	–	–	(119,758)	67,195	(52,563)
At 31 December 2018	7	(119,702)	40	(147,373)	(267,028)	–	(267,028)
Loss for the period *(note i)*	–	(404)	–	(58,381)	(58,785)	–	(58,785)
Other comprehensive expense for the period	–	–	(9)	–	(9)	–	(9)
Total comprehensive expense for the period	–	(404)	(9)	(58,381)	(58,794)	–	(58,794)
Net contribution by Suzhou Alphamab *(note ii)*	–	300	–	–	300	–	300
Cancellation of certain pre-IPO share options *(Note 29(a))*	–	–	–	12,250	12,250	–	12,250
At 30 June 2019	7	(119,806)	31	(193,504)	(313,272)	–	(313,272)
At 1 January 2018 (audited)	20,400	(2,806)	–	(4,175)	13,419	12,892	26,311
Loss for the period *(note i)*	–	(6,645)	–	(45,306)	(51,951)	(48,091)	(100,042)
Other comprehensive income for the period	–	–	2	–	2	–	2
Total comprehensive (expense) income for the period	–	(6,645)	2	(45,306)	(51,949)	(48,091)	(100,040)
Capital injection in Jiangsu Alphamab on 9 February 2018	10,200	–	–	–	10,200	9,800	20,000
Issue of ordinary shares by the Company *(Note 28)*	1	–	–	–	1	–	1
Net contribution by Suzhou Alphamab *(note ii)*	–	4,864	–	–	4,864	4,673	9,537
Transfer of the Oncology Business (as defined and detailed in Note 2)	–	(67,412)	–	–	(67,412)	(64,768)	(132,180)
Acquisition of additional equity interest in Jiangsu Alphamab *(note iii)*	8,820	32,635	–	–	41,455	22,998	64,453
At 30 June 2018 (unaudited)	39,421	(39,364)	2	(49,481)	(49,422)	(62,496)	(111,918)

Notes:

The other reserve comprises:

(i) the accumulated losses derived from the Oncology Business carried out by Suzhou Alphamab prior to its transfer to Jiangsu Alphamab as such accumulated losses legally belong to Suzhou Alphamab which is not a member of the Group;

(ii) the net contribution from Suzhou Alphamab on the funding used in the Oncology Business, which was provided by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business on 18 April 2018;

(iii) the effect of an increase of Dr. Xu's effective shareholding in Jiangsu Alphamab from 51% to 65.7% on 20 June 2018 at a cash consideration of RMB16,188,000 as part of the Reorganization (as defined and detailed in Note 2). This resulted in recognition of a reorganization related expense as detailed in Note 35 (iv) of RMB64,453,000 charged to profit or loss to reflect Dr. Xu's additional interest value acquired as part of the Reorganization, which has been determined by the directors of Company with reference to a valuation carried out by an independent qualified professional valuer not connected with the Group, less the consideration paid to Suzhou Alphamab which is attributable to the non-controlling interests of Suzhou Alphamab. The difference of the above reorganization related expense and the paid-in capital of Jiangsu Alphamab attributable to Dr. Xu of RMB8,820,000 and the carrying amount of the non-controlling interests of RMB22,998,000 is recognized in the other reserve; and

(iv) the difference between the cash consideration of RMB52,563,000, which is accounted for as deemed distribution to the shareholders, for the acquisition of 100% equity interest in Jiangsu Alphamab by Alphamab Hong Kong (as defined in Note 2) as part of the Reorganization, and the share capital of Jiangsu Alphamab attributable to Dr. Xu of RMB39,420,000 plus the carrying amount of the non-controlling interests of RMB67,195,000 at the date of completion of the acquisition. Jiangsu Alphamab became the wholly owned subsidiary of the Group thereafter.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Prior to transfer of the Oncology Business as detailed in Note 2, the Oncology Business was operated under Suzhou Alphamab and no separate bank accounts were maintained for the Oncology Business. The treasury and cash disbursement functions of the Oncology Business were centrally administrated by Suzhou Alphamab. During the transition period after the transfer of Oncology Business to Jiangsu Alphamab on 18 April 2018, while Jiangsu Alphamab has already maintained separate bank accounts to manage the Oncology Business, there are still insignificant funds provided by Suzhou Alphamab related to the Oncology Business. The net cash flows generated by the Oncology Business that were kept in the bank accounts of Suzhou Alphamab, are reflected in "Net contribution for the Oncology Business by Suzhou Alphamab" in the consolidated statements of cash flows. Accordingly, the net funds provided by Suzhou Alphamab were presented as movements in the equity.

For the purpose of presenting a complete set of Historical Financial Information of the Group, the following comprises the information of cash inflow/outflow of the Group and the Oncology Business received/paid by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business.

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
OPERATING ACTIVITIES				
Loss before taxation	(64,826)	(202,633)	(100,042)	(58,785)
Adjustments for:				
Interest income	(205)	(423)	(57)	(8,362)
Depreciation of right-of-use assets	413	6,296	2,017	4,685
Depreciation of property, plant and equipment	101	266	57	344
Exchange losses (gains), net	–	8,736	2	(1,385)
Fair value change of convertible redeemable preferred shares	–	26,284	–	(22,436)
Finance costs	8	1,507	173	235
Loss on disposal of plant and equipment	–	2	–	–
Share-based payment expense	–	–	–	12,250
Reorganization related expenses	–	69,416	64,453	–
Operating cash flows before movements in working capital	(64,509)	(90,549)	(33,397)	(73,454)
Increase in inventories	(3,121)	(3,582)	(5,036)	(13,438)
Increase in other receivables, deposits and prepayments	(3,589)	(17,040)	(2,401)	(24,128)
Increase in trade and other payables	6,058	12,207	14,351	5,718
Increase (decrease) in amount due to a related company	–	5,090	–	(4,712)
NET CASH USED IN OPERATING ACTIVITIES	(65,161)	(93,874)	(26,483)	(110,014)
INVESTING ACTIVITIES				
Proceeds from disposal of financial assets at FVTPL	44,450	49,500	9,650	–
Interest received	205	399	57	4,032
Proceeds from disposal of plant and equipment	–	9	–	–
Proceeds from redemption of time deposits with original maturity over three months	–	–	–	237,225
Purchase of financial assets at FVTPL	(34,000)	(48,900)	(13,900)	(1,680)
Purchase of property, plant and equipment	(7,782)	(46,782)	(26,565)	(52,824)
Payment for deposits paid for acquisition of property, plant and equipment	(568)	(26,336)	(17)	(20,810)
Placement of time deposits with original maturity over three months	–	–	–	(882,579)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	2,305	(72,110)	(30,775)	(716,636)

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
FINANCING ACTIVITIES				
Advance from a related company	2,000	10,000	10,000	–
Proceeds on issue of convertible redeemable preferred shares	–	826,637	–	410,414
New bank borrowings raised	–	167,526	52,987	50,000
Proceeds from issue of convertible notes	–	47,682	–	–
Capital injection in Jiangsu Alphamab	–	20,000	20,000	–
Proceeds on issue of ordinary shares by the Company	–	7	1	–
Transfer of the Oncology Business *(Note 2)*	–	(132,180)	–	–
Acquisition of Jiangsu Alphamab by Alphamab Hong Kong	–	(52,563)	–	–
Repayment of bank borrowings	–	(67,526)	–	–
Repayment to a related company	–	(12,062)	(12,062)	–
Issue costs paid for convertible redeemable preferred shares	–	(4,963)	–	(348)
Interest paid	–	(3,266)	(112)	(3,123)
Issue costs paid for initial listing of shares	–	(468)	–	(1,574)
Repayment of lease liabilities	–	(24)	–	(9,471)
NET CASH FROM FINANCING ACTIVITIES	2,000	798,800	70,814	445,898
Net contribution for the Oncology Business by Suzhou Alphamab	60,868	9,537	9,537	300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12	642,353	23,093	(380,452)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	45	57	57	633,712
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	(8,698)	–	302
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/ PERIOD	57	633,712	23,150	253,562

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 March 2018 under the Companies Law of the Cayman Islands. The Company's immediate and ultimate holding company is Rubymab Limited ("Rubymab"), a limited liability company incorporated in the British Virgin Islands (the "BVI") which is wholly owned by Dr. Xu Ting ("Dr. Xu"), the controlling shareholder. The addresses of the registered office and the principal place of business are set out in the section headed "Corporate Information" the Prospectus.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the "Group") are principally engaged in research and development, manufacturing and commercialization of biologics of oncology.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the same as the functional currency of the Company.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

2. REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Notwithstanding that the Group recorded net liabilities of RMB313,272,000 as at 30 June 2019 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis as the series A convertible redeemable preferred shares (the "Series A Preferred Shares") and the series B convertible redeemable preferred shares (the "Series B Preferred Shares") are not redeemable within the next twelve months from the end of the Track Record Period. The Group may seek to obtain financing through equity and debt issuances to finance its financial liabilities and research and development activities and operations. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from the end of the Track Record Period. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the end of the Track Record Period.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB and the principle of merger accounting applicable to group reorganization (details are set out below).

Prior to the group reorganization as more fully explained in the section headed "History, Reorganization and Corporate Structure" in the Prospectus (the "Reorganization"), the entire equity interest of Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("Jiangsu Alphamab") was directly held by Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("Suzhou Alphamab"), a company controlled by Dr. Xu, who held 51% of its paid-in capital and the remaining 49% of the paid-in capital was held by two non-controlling shareholders, namely Mr. Xue Chuanxiao ("Mr. Xue") and Mr. Zhang Xitian ("Mr. Zhang"), as to 24.5% and 24.5%, respectively. Jiangsu Alphamab and Suzhou Alphamab are companies established in the People's Republic of China (the "PRC").

The companies and the Oncology Business (as defined below) now comprising the Group underwent the Reorganization which involved:

(a) Transfer of the Oncology Business from Suzhou Alphamab to Jiangsu Alphamab on 18 April 2018 at a total cash consideration of RMB132,180,000, which is accounted for as deemed distribution to the shareholders. Jiangsu Alphamab was established to engage in oncology-treatment business earlier and Suzhou Alphamab continues to focus on its businesses other than the Oncology Business after this transfer;

(b) Acquisition of 30% equity interest of Jiangsu Alphamab from Suzhou Alphamab by Dr. Xu at a cash consideration of RMB16,188,000 on 20 June 2018, which increased Dr. Xu's effective holding in Jiangsu Alphamab from 51% to 65.7%;

(c) Incorporation of the Company on 28 March 2018 to wholly own Alphamab Oncology (BVI) Ltd. ("Alphamab BVI"), a limited liability company incorporated in the BVI on 19 April 2018 and indirectly wholly own Alphamab Oncology (HK) Limited ("Alphamab Hong Kong"), a limited liability company incorporated in Hong Kong on 11 May 2018. The Company was beneficially owned by Dr. Xu (through Rubymab), Mr. Xue, Mr. Zhang and certain employees of Suzhou Alphamab ("SZ ESOP Holders"), who were awarded share options of Suzhou Alphamab under the share incentive plan adopted by Suzhou Alphamab ("SZ ESOP Plan" and details of which can be referred to Note 29(b)) prior to the Reorganization, as to approximately 63.71%, 16.63%, 16.63% and 3.03%, respectively. The SZ ESOP Holders were awarded with the 3.03% equity interest in the Company at nominal consideration, however, such interest was deemed to be part of the consideration for the transfer of the Oncology Business from Suzhou Alphamab to Jiangsu Alphamab as set out in note (a) as such transfer has to be agreed by the SZ ESOP Holders; and

(d) Acquisition of Jiangsu Alphamab at a total cash consideration of RMB52,563,000 (after conversion as sino-foreign joint venture company), together with its wholly owned subsidiary, namely Alphamab (Australia) Co. Pty. Ltd. ("Alphamab Australia"), a company incorporated in Australia, by Alphamab Hong Kong from Dr. Xu and Suzhou Alphamab on 30 August 2018 and an independent investor on 25 September 2018.

Upon completion of the Reorganization on 25 September 2018, the Company became a holding company of the companies now comprising the Group.

Transfer of the Oncology Business

Suzhou Alphamab, which does not form part of the Group, was established in the PRC and owned as to 51% by Dr. Xu. Prior to 18 April 2018, Suzhou Alphamab engaged in the development and manufacture of biologics therapeutics for both oncology treatment areas (the "Oncology Business") and non-oncology treatment related areas including autoimmune diseases, haematology, infertility and etc., and also acted as an investment holding company primarily holding Jiangsu Alphamab and Alphamab Australia.

For the purpose of delineating the Oncology Business between Suzhou Alphamab and Jiangsu Alphamab, on 18 April 2018, Suzhou Alphamab and Jiangsu Alphamab entered into an asset transfer and patent licensing agreement at a total cash consideration of RMB132,180,000 (together with three supplemental agreements subsequently entered into in June 2018, December 2018 and February 2019), pursuant to which:

(i) Suzhou Alphamab transferred its rights and interests in assets associated with clinical research, development and commercialization of the KN019, KN026, KN046 and KN035 (the "Transferred Patents");

(ii) Suzhou Alphamab transferred 50% of its rights and interest in assets in relation to the research and development and commercialization of two antibody platforms to Jiangsu Alphamab;

(iii) Jiangsu Alphamab granted Suzhou Alphamab, on a royalty-free basis, to use the Transferred Patents in non-oncology area for a perpetual term; and

(iv) Suzhou Alphamab granted Jiangsu Alphamab, on a royalty-free basis, to use the certain patents and patent rights in oncology treatment related area for a perpetual term.

The transfer of the operations of the Oncology Business was principally completed on 18 April 2018 while the transition period of providing technical support by Suzhou Alphamab was completed by end of May 2019.

Since Suzhou Alphamab and Jiangsu Alphamab were under common control by Dr. Xu, the transfer of the Oncology Business has been accounted for as a business combination involving entities under common control using the principles of merger accounting.

The consolidated statement of financial position of the Group at 31 December 2017 has been prepared to present the assets and liabilities of the entities comprising the Group and the Oncology Business, on the basis mentioned below, as if the Oncology Business had been operated under the Group on 31 December 2017, taken into account the respective dates of incorporation, with consideration of the controlling interest held by Dr. Xu in these entities and the Oncology Business.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the two years ended 31 December 2018 include the results, changes in equity and cash flows of the entities comprising the Group and the Oncology business, on the basis as if the Oncology Business had been operated under the Group throughout the Track Record Period or since the respective dates of incorporation which is a shorter period, with consideration of the controlling interest held by Dr. Xu in these entities and the Oncology Business.

To the extent the assets, liabilities, income and expenses that are specifically identified to the Oncology Business, such items are included in the Historical Financial Information throughout the Track Record Period. To the extent the assets, liabilities, income and expenses that are impracticable to identify specifically, these items are allocated to the Oncology Business on the basis set out below (such items include certain research and development expenses and administrative expenses as a whole). Items that do not meet the criteria above are not included in the Historical Financial Information of the Group.

Expenses which are impracticable to identify specifically to the Oncology Business are determined on the following basis: included in research and development expenses are other material costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and repair and maintenance fee of property, plant and equipment, which were allocated based on the percentage of direct materials consumed specifically by the Oncology Business over the total consumption in Suzhou Alphamab; while the administrative expenses as a whole were allocated based on the percentage of research and development expense ratio of the Oncology Business to Suzhou Alphamab's total research and development expenses. The directors of the Company believe and confirm that the methods of allocation of the above expense items present the best and reasonable basis of estimating what the Oncology Business's operating results would have been on a stand-alone basis for the Track Record Period. Other than those items mentioned above, all other items or assets and liabilities, income and expenses of the Oncology Business are specifically identified.

3. APPLICATION OF IFRSs

For the purposes of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRSs, and are effective for the Group's accounting periods beginning on 1 January 2019 throughout the Track Record Period, including IFRS 15 *Revenue from Contracts with Customers and* IFRS 16 *Leases*, throughout the Track Record Period except that the Group adopted IFRS 9 *Financial Instruments* on 1 January 2018 and International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement* prior to 1 January 2018. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

IFRS 9

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods; and

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ("ECL") model, as opposed to an incurred credit loss model under IAS 39. The ECL model requires an entity to account for ECL and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Classification and measurement

All financial assets and liabilities continued to be measured on the same bases as are measured under IAS 39 prior to 1 January 2018.

Impairment

The application of the ECL model of IFRS 9 on 1 January 2018 resulted in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost that subject to the impairment provisions.

ECL for financial assets at amortised cost, including other receivables and deposits, time deposits, bank balances and amounts due from subsidiaries are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

Based on the assessment by the directors of the Company, the credit loss allowance for the Group's financial assets at amortised cost is not material as at 1 January 2018 and was not materially different from that under IAS 39. Accordingly, no additional loss allowance was recognized for those asset at 1 January 2018.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts[2]
Amendments to IFRS 3	Definition of a Business[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies set out below which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and complied with the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payments*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment loss.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Revenue from contracts with customers

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

Upfront payment received by the Group is initially recognized as contract liabilities.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group did not generate and recognize any revenue during the Track Record Period.

Leases

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IAS 39/IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement benefits costs and termination benefits

Payments to the state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognized at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Short-term and other employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payment reserve will be transferred to accumulated losses.

An expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where the modification reduces the fair value of the equity instruments granted, measured immediately before and after the modification, the decrease in fair value will not be recognized. The amount recognized for services received continues to be measured based on the grant date fair value of the instrument originally granted.

Where the modification reduces the number of equity instruments granted to an employee, the reduction is accounted for as a cancellation of that portion of the grant.

Where the modification of vesting conditions is a manner that is not beneficial to the employee, the amount recognized for services received shall not take the modified vesting conditions into account and continues to be measured based on the grant date vesting conditions of the instrument originally granted.

When share options are cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group immediately recognizes the cancellation of share options as an acceleration of vesting as share based payment expenses.

Share-based payment transactions with cash-settled alternatives

Suzhou Alphamab operates a share-based payment plan which provides the employees with a choice of settlement of share-based payment transactions either in cash or by equity upon fulfilment of certain conditions.

For this kind of share-based payment transactions, the Group's entity is considered to have issued a compound financial instrument, which includes a debt component (the employees' right to demand payment in cash) and an equity component (the employees' right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value or the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. To apply this, the Group first measures the fair value of the debt component, and then measures the fair value of the equity component, taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the compound financial instrument is the sum of the fair values of the two components.

The Group accounts separately for the services received in respect of each component of the compound financial instrument. For the debt component, the Group recognizes the services received and a liability to pay for those services in accordance with the requirements applying to cash-settled share-based payment transactions. For the equity component, the Group's entity recognizes the services received and an increase in equity in accordance with the requirements applying to equity-settled share-based payment transactions.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

Taxation

Income taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from 'loss before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production or supply purposes are carried at cost less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such property, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment on assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 on 1 January 2018 with transitions in accordance with Note 3)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets of the Group that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains (losses), net" line item.

Impairment of financial assets

The Group recognizes a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including other receivables and deposits, cash and cash equivalents and time deposits with original maturity over three months and amounts due from subsidiaries). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risk of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to twelve-months ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting carrying amount.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading (or contingent consideration that may be received by an acquirer as part of a business combination) may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains (losses), net" line item. Fair value is determined in the manner described in Note 31.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or

- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9/IAS 39 permits the entire combined contract to be designated as at FVTPL.

Upon application of IFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Convertible redeemable preferred shares

Convertible redeemable preferred shares, which contain redemption features and other embedded derivatives, are designated as at financial liabilities at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, trade and other payables and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Research and development expenses

Development costs incurred on the Group's drug candidates are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred.

The directors of the Company will assess the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, all the related development costs are expensed when incurred.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Equity-settled pre-IPO share option scheme conditional upon completion of the Listing (as defined in Note 29(a))

The Group's pre-IPO share options are exercisable only upon completion of the Listing which requires the estimation by the directors of the Company on the probability of the Listing. When the Listing becomes highly probable, the fair value of the share options will start to be charged to profit or loss in the remainder of the vesting period. The estimates by the directors of the Company are reference to the most likely outcome of the Listing. The directors of the Company shall revise its estimate if subsequent information indicates that the IPO (as defined in Note 27) becomes highly probable. During the Track Record Period, except for an amount of RMB12,250,000 which was recognized during the six months ended 30 June 2019 as a result of the cancellation of 833,211 pre-IPO share options granted under the Pre-IPO Share Options Scheme I (as defined and detailed in Note 29(a)), no share-based payment expense has been recognized in relation to the Pre-IPO Share Options Scheme I and the Pre-IPO Share Options Scheme II (as defined in Note 29(a)) granted by the Company as the directors of the Company considered the Listing is not probable at the end of the each reporting period.

Useful lives of property, plant and equipment

The directors of the Company determine the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is reference to the useful lives of property, plant and equipment of similar nature and functions in the industry. The directors of the Company will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete assets that have been abandoned or sold. As at 31 December 2017 and 31 December 2018 and 30 June 2019, the carrying amounts of property, plant and equipment were RMB11,085,000, RMB104,944,000 and RMB182,642,000, respectively as disclosed in Note 16.

Fair value of convertible redeemable preferred shares

The convertible redeemable preferred shares of the Group and the Company are measured at fair value for financial reporting purpose. No quoted prices in an active market are available for these financial liabilities. These financial liabilities were valued by the directors of the Company with reference to valuations carried out by an independent qualified professional valuer not connected with the Group, which has appropriate qualifications and experience in valuation of similar financial instruments. The fair value of these financial liabilities is established by using valuation techniques as disclosed in Note 27. Valuation techniques are certified by the valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as fair value of the ordinary shares as assessed by the directors of the Company, possibilities under different scenarios such as initial public offerings, liquidation and redemption, and discount for lack of marketability, require management estimates. The estimates and assumptions by the directors of the Company are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair values of the convertible redeemable preferred shares which are classified as financial liabilities at FVTPL as at 31 December 2018 and 30 June 2019 were RMB900,603,000 and RMB1,288,581,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue

Co-development agreement with 3D Medicines Corporation ("3D Medicines") in relation to KN035 drug candidate

In February 2016, the Group entered into an agreement with 3D Medicines and pursuant to which, the Group will jointly develop and commercialize KN035 drug candidate with 3D Medicines. Under the agreement, the Group received a non-refundable upfront payment of RMB10 million from 3D Medicines and has an exclusive right to manufacture and supply KN035 to 3D Medicines for further commercialization to ultimate customers. Upon the Group manufacturing the product and transferring the control of goods to 3D Medicines for commercialization, the Group will recognize revenue in respect of the upfront payment received.

Unsatisfied performance obligations

The following table shows the aggregate amount of the contract liabilities allocated to performance obligations that are unsatisfied at the end of each reporting period.

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Co-development and commercialization of KN035	10,000	10,000	10,000

Deferred revenue included in contract liabilities will be recognized over the period of KN035 product life cycle with reference to the budgeted manufacture order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage).

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 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

The Group did not record any revenue during the Track Record Period and the Group's non-current assets are substantially located in the PRC, accordingly, no analysis of geographical segment is presented.

7. OTHER INCOME

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income	205	423	57	8,362
Government grants income *(Note)*	1,183	353	340	2,663
Others	40	7	6	–
	1,428	783	403	11,025

Note: Government grants income mainly includes: (i) subsidies from the PRC local government in support of oncology during development and (ii) unconditional subsidies from the Australian government which are specifically for supporting the research and development activities carried out in Australia.

Pursuant to the research and development tax incentive program launched by the Australia Taxation Office, Alphamab Australia enjoys a 43.5% refund on the research and development expenditures occurred throughout the Track Record Period. Upon enjoyment of such incentive, the relevant research and development expenditures will not be qualified as tax losses and will be treated as non-deductible expenses.

8. OTHER GAINS (LOSSES), NET

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss on disposal of plant and equipment	–	(2)	–	–
Exchange (losses) gains, net	–	(8,736)	(2)	1,385
Others	–	(1,095)	–	(105)
	–	(9,833)	(2)	1,280

9. FINANCE COSTS

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expenses on:				
Bank borrowings	–	3,039	70	2,944
Amount due to a related company *(Note 21)*	8	54	54	–
Lease liabilities	–	379	118	235
	8	3,472	242	3,179
Less: Interest capitalized in construction in progress ("CIP")	–	(1,965)	(69)	(2,944)
	8	1,507	173	235

Borrowing costs capitalized during the Track Record Period arose on the specific bank borrowings for the construction of new facilities as disclosed in Note 26.

10. INCOME TAXATION

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 subsidiaries is 25% for the Track Record Period.

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 27.5%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 27.5%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

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 Track Record Period.

The income taxation for the Track Record Period can be reconciled to the loss before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before taxation	(64,826)	(202,633)	(100,042)	(58,785)
Tax at the PRC EIT rate of 25%	(16,206)	(50,658)	(25,011)	(14,696)
Tax effect of expenses not deductible for tax purpose	15,044	31,668	19,346	1,461
Tax effect of deductible temporary differences not recognized	–	20	6	18
Tax effect of tax losses not recognized	1,162	27,049	8,350	20,391
Effect of super deduction for research and development expenses *(note)*	–	(8,079)	(2,691)	(7,174)
Income taxation for the year/period	–	–	–	–

Note: Pursuant to Caishui 2018 circular No. 99, Jiangsu Alphamab enjoys super deduction of 175% on qualifying research and development expenditures from 1 January 2018 to 31 December 2020.

The Group had unused tax losses of RMB4,647,000 and RMB245,022,000 and RMB326,625,000 available for offset against future profits as at 31 December 2017 and 31 December 2018 and 30 June 2019, respectively. Included in unused tax losses as at 31 December 2018 and 30 June 2019 is a consideration paid of RMB132,180,000 for the transfer of the Oncology Business which can be offset against future profits. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams. As 31 December 2017 and 31 December 2018 and 30 June 2019, the unrecognized tax losses will be carried forward and expire in years as follows:

	At 31 December		At 30 June
	2017	**2018**	**2019**
2022	4,647	4,647	4,647
2023	–	240,375	240,375
2024	–	–	81,603
	4,647	245,022	326,625

11. LOSS FOR THE YEAR/PERIOD

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss for the year/period has been arrived at after charging:				
Directors' remuneration *(Note 13(a))*	537	3,509	193	2,061
Other staff costs:				
Salaries and other allowances	13,057	21,439	4,654	15,395
Retirement benefits scheme contributions	2,711	2,956	715	2,478
Share-based payment expenses	192	263	263	12,356
Total staff costs	16,497	28,167	5,825	32,290
Auditor's remuneration	2	88	44	44
Cost of inventories included in research and development expenses	11,351	7,673	2,273	8,098
Contracting costs included in research and development expenses	16,618	34,096	16,007	27,655
Issue costs paid for Series A Preferred Shares included in reorganization related expenses	–	4,963	–	–
Issue costs paid for Series B Preferred Shares included in administrative expenses	–	–	–	348
Short-term lease expenses	649	394	224	172
Depreciation of property, plant and equipment *(Note i)*	10,329	2,172	1,935	344
Depreciation of right-of-use assets *(Note ii)*	3,827	7,637	3,110	4,932
Less: capitalization	(82)	(495)	(247)	(247)
	3,745	7,142	2,863	4,685

Notes:

(i) The depreciation of property, plant and equipment included the portions related to the Oncology Business of RMB10,228,000, RMB1,906,000, RMB1,878,000 (unaudited) and Nil, which were recognized by the Group for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively.

(ii) The depreciation of right-of-use assets included the portions related to the Oncology Business of RMB3,332,000, RMB846,000, RMB846,000 (unaudited) and Nil, which were recognized by the Group for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively.

12. DIVIDENDS

No dividend was paid or declared by the Company since its incorporation or by other group entities during the Track Record Period.

13. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company (including the emoluments for services as directors of the group entities prior to becoming the directors of the Company) during the Track Record Period are as follows:

(a) Executive and non-executive directors

Year ended 31 December 2017

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:					
Dr. Xu *(note i)*	–	250	174	113	537

Year ended 31 December 2018

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. Xu *(note i)*	–	1,650	1,282	81	3,013
Ms. Liu Yang *(note ii)*	–	253	226	17	496
Non-Executive directors:					
Mr. Qiu Yu Min *(note ii)*	–	–	–	–	–
Mr. Xu Zhan Kevin *(note ii)*	–	–	–	–	–
Total	–	1,903	1,508	98	3,509

Six months ended 30 June 2018 (unaudited)

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:					
Dr. Xu *(note i)*	–	146	–	47	193

Six months ended 30 June 2019

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. Xu *(note i)*	–	1,483	–	36	1,519
Ms. Liu Yang *(note ii)*	–	506	–	36	542
Non-Executive directors:					
Mr. Qiu Yu Min *(note ii)*	–	–	–	–	–
Mr. Xu Zhan Kevin *(note ii)*	–	–	–	–	–
Total	–	1,989	–	72	2,061

Notes:

(i) Dr. Xu was appointed as a director of the Company on 28 March 2018 and was re-designated as the chairman, chief executive and an executive director of the Company on 28 March 2018. In addition, a reorganization related expense of RMB64,453,000 in June 2018 was recognized in relation to the additional equity interest acquired by Dr. Xu as part of the Reorganization. Details are disclosed in note (iii) to the consolidated statements of changes in equity.

(ii) Ms. Liu Yang was appointed as an executive director of the Company on 16 October 2018.

Mr. Qiu Yu Min and Mr. Xu Zhan Kevin were appointed as non-executive directors of the Company on 16 October 2018. No emoluments were paid or payable to them during Track Record Period for their services as non-executive directors of the Company.

(iii) None of the directors nor the chief executive of the Company waived or agreed to waive any emoluments during the Track Record Period.

(iv) During the Track Record Period, no emoluments were paid by the Group to any of the directors nor the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(v) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The discretionary bonuses were determined with reference to their duties, responsibilities and performance.

(b) Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Dr. Jiang Hualiang, Mr. Wei Kevin Cheng and Mr. Wu Dong are appointed as independent non-executive directors of the Company subsequently on 24 November 2019.

14. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group for the Track Record Period include one and one and one (unaudited) and two executive director(s) of the Company for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively. Details of whose emoluments are set out in Note 13(a) above. Details of the emoluments of the remaining individuals are as follows:

	Year ended 31 December		**Six months ended 30 June**	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and other allowances	1,487	4,672	1,579	2,734
Discretionary bonuses	265	744	–	–
Retirement benefits scheme contributions	575	225	91	79
Share-based payment expense *(Note 29(a))*	–	–	–	12,250
	2,327	5,641	1,670	15,063

Their emoluments were within the following bands:

	Year ended 31 December		**Six months ended 30 June**	
	2017	**2018**	**2018**	**2019**
	No. of employees	*No. of employees*	*No. of employees* *(unaudited)*	*No. of employees*
Nil to HK$1,000,000	4	–	4	–
HK$1,000,000 to HK$1,500,000	–	2	–	–
HK$1,500,001 to HK$2,000,000	–	1	–	1
HK$2,000,001 to HK$2,500,000	–	1	–	–
HK$7,500,001 to HK$8,000,000	–	–	–	1
HK$8,000,001 to HK$8,500,000	–	–	–	1

During the Track Record Period, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. LOSS PER SHARE

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

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss:				
Loss for the year/period attributable to owners of the Company for the purpose of calculating basic loss per share	(33,061)	(149,843)	(51,951)	(58,785)
Effect of dilutive potential ordinary shares:				
Fair value change of convertible redeemable preferred shares	–	–	–	(22,436)
Loss for the year/period attributable to owners of the Company for the purpose of calculating diluted loss per share	(33,061)	(149,843)	(51,951)	(81,221)
Number of shares ('000):				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	175,315	354,186	248,692	515,633
Effect of dilutive potential ordinary shares:				
Convertible redeemable preferred shares	–	–	–	152,648
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	175,315	354,186	248,692	668,281

The computations of basic loss per share for the years ended 31 December 2017 and the six months ended 30 June 2018 (unaudited) and basic and diluted loss per share for the year ended 31 December 2018 and the six months ended 30 June 2019 are based on weighted average number of shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Reorganization as disclosed in Note 2, the share subdivision as disclosed in Note 28 and the Share Subdivision as defined and disclosed in Note 39 had been in effect on 1 January 2017.

The computations of basic and diluted loss per share for each of the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 (unaudited) and 2019 excluded the restricted shares and ordinary shares already canceled by the Company as part of the Reorganization. Details of which are set out in Note 28.

As the Group incurred losses for the year ended 31 December 2018, the convertible redeemable preferred shares issued by the Company and the shares options awarded under the pre-IPO share option scheme as disclosed in Note 29(a) were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2018 is the same as basic loss per share of the respective year/period. No diluted earnings per share for the year ended 31 December 2017 and the six months ended 30 June 2018 were presented as there were no potential ordinary shares in issue for the relevant year/period.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and other equipment	CIP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Note)	
COST				
As at 1 January 2017	116	124	2,088	2,328
Additions	–	26	8,849	8,875
As at 31 December 2017	116	150	10,937	11,203
Additions	88	973	93,075	94,136
Transfer	–	142	(142)	–
Disposals	–	(22)	–	(22)
As at 31 December 2018	204	1,243	103,870	105,317
Additions	108	326	77,608	78,042
Transfer	–	1,233	(1,233)	–
As at 30 June 2019	312	2,802	180,245	183,359
DEPRECIATION				
As at 1 January 2017	14	3	–	17
Provided for the year	59	42	–	101
As at 31 December 2017	73	45	–	118
Provided for the year	62	204	–	266
Eliminated on disposals	–	(11)	–	(11)
As at 31 December 2018	135	238	–	373
Provided for the period	23	321	–	344
As at 30 June 2019	158	559	–	717
CARRYING VALUES				
As at 31 December 2017	43	105	10,937	11,085
As at 31 December 2018	69	1,005	103,870	104,944
As at 30 June 2019	154	2,243	180,245	182,642

Note: The CIP primarily consists of new facilities for manufacturing, research and development and office premises in the PRC. The construction of which commenced in November 2017 and it is expected to be completed in late 2019.

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:

Leasehold improvements	Over the shorter of the term of the relevant lease or 20%
Furniture and other equipment	19% – 31.67%

Details of the pledged property, plant and equipment are set out in Note 34.

17. RIGHT-OF-USE ASSETS

	Land use rights	Property, plant and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at 1 January 2017 and 31 December 2017	24,730	–	24,730
Additions	–	11,044	11,044
As at 31 December 2018	24,730	11,044	35,774
Additions	–	24,828	24,828
As at 30 June 2019	24,730	35,872	60,602
DEPRECIATION			
As at 1 January 2017	576	–	576
Provided for the year	495	–	495
As at 31 December 2017	1,071	–	1,071
Provided for the year	495	6,296	6,791
As at 31 December 2018	1,566	6,296	7,862
Provided for the period	247	4,685	4,932
As at 30 June 2019	1,813	10,981	12,794
CARRYING VALUES			
As at 31 December 2017	23,659	–	23,659
As at 31 December 2018	23,164	4,748	27,912
As at 30 June 2019	22,917	24,891	47,808

The right-of-use assets are depreciated over their estimated useful lives, using straight-line method, at the following rates per annum:

Land use rights	Over the lease term
Property, plant and equipment	Over the lease term

As at 31 December 2017 and 31 December 2018 and 30 June 2019, all right-of use assets are located in the PRC. Included in property, plant and equipment of the right-of-use assets are i. offices of Nil, RMB1,385,000 and RMB1,204,000 and ii. plant and equipment of Nil, RMB3,363,000 and RMB23,687,000 as at 31 December 2017 and 31 December 2018 and 30 June 2019, respectively.

Details of pledged land use rights in support of the Group's general banking facilities are set out in Note 34.

18. INVENTORIES

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and other consumables	3,486	7,068	20,506

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables, deposits and prepayments	6,444	13,827	27,732	175	3,407
Deferred issue costs	–	1,637	5,824	1,637	5,824
Value-added tax recoverable	678	10,828	26,955	–	–
Total trade and other receivables	7,122	26,292	60,511	1,812	9,231
Presented as non-current assets	50	10,969	27,019	–	–
Presented as current assets	7,072	15,323	33,492	1,812	9,231
	7,122	26,292	60,511	1,812	9,231

20. FINANCIAL ASSETS AT FVTPL

As at 31 December 2017 and 30 June 2019, the Group placed with one licensed commercial bank (31 December 2018: N/A) in the PRC for a RMB-denominated structured deposit with maturity within 1 year after the end of the reporting period. The expected annual interest rate for the structured deposit is indicated at 3% per annum, however, the actual interest to be received is uncertain until maturity and the principal is not protected. Such structured deposits were accounted for as financial assets at FVTPL under IAS 39/IFRS 9.

21. AMOUNT(S) DUE FROM (TO) A RELATED COMPANY/SUBSIDIARIES

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
The Group			
Amount due to a related company			
Suzhou Alphamab	(2,008)	(5,090)	(378)
The Company			
Amounts due from subsidiaries			
Alphamab Hong Kong	N/A	9	159
Jiangsu Alphamab	N/A	29,582	29,525
	N/A	29,591	29,684

The Group

As at 31 December 2018 and 30 June 2019, the balances are trade in nature, unsecured, interest-free and have no fixed repayment terms. As at 31 December 2017, the balance was non-trade in nature, carried fixed interest rate of 6% per annum and was due within one year. During the year ended 31 December 2018, such loan had been fully settled.

The following is an aged anaylsis of the amount due to a related company which is trade in nature.

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
0 – 90 days	–	–	378
Over 91 days	–	5,090	–
	–	5,090	378

The Company

The amounts are non-trade in nature, unsecured, interest-free and repayable in between July and October 2020.

The amount due from Jiangsu Alphamab is denominated in US$.

22. CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	**2018**	**2019**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and on hand	57	95,462	35,258	9,253	1,897
Time deposits with original maturity less than three months *(Note)*	–	538,250	218,304	249,996	–
Cash and cash equivalents	57	633,712	253,562	259,249	1,897
Time deposits with original maturity over three months *(Note)*	–	–	653,751	–	249,964
	57	633,712	907,313	259,249	251,861

Note: The time deposits were placed with licensed commercial banks in the PRC and Hong Kong. The time deposits confer the Group rights of early redemption at amortised cost before the maturity date. The time deposits carry interest at fixed rates ranging from 1.80% to 4.00% per annum during the Track Record Period.

Bank balances carry interest at prevailing market interest rates ranging from 0.05% to 0.35% per annum during the Track Record Period.

The Group and the Company's cash and cash equivalents and time deposits with original maturity over three months that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
The Group			
US$	–	570,900	321,056
HKD	–	618	499
The Company			
US$	N/A	258,647	251,526
HKD	N/A	602	335

23. TRADE AND OTHER PAYABLES

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,728	766	9,364	–	–
Accrued expenses					
– Research and development expenses	2,441	5,891	7,652	–	–
– Listing expenses	–	3,641	11,479	3,641	11,479
– Issue costs	–	1,213	3,826	1,213	3,826
– Staff costs	956	7,049	3,447	1,047	–
– Interest expenses	–	152	208	–	–
– Others	31	186	9	4	4
	3,428	18,132	26,621	5,905	15,309
Payables for acquisition of property, plant and equipment	1,009	45,964	49,799	–	–
Other payables	2,093	2,346	2,193	116	–
Total	8,258	67,208	87,977	6,021	15,309

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

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
0 – 30 days	738	580	2,635
31 – 60 days	990	–	346
61 – 90 days	–	–	6,259
Over 90 days	–	186	124
	1,728	766	9,364

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

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
US$	–	268	355
EUR	–	15	267
GBP	–	–	180

24. LEASE LIABILITIES

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current	–	518	15,659
Current	–	10,502	10,718
	–	11,020	26,377

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Minimum lease payments due:			
Within one year	–	10,635	11,866
More than one year, but not exceeding two years	–	442	10,449
More than two years, but not exceeding five years	–	99	5,872
	–	11,176	28,187
Less: future finance charges	–	(156)	(1,810)
Present value of lease liabilities	–	11,020	26,377

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Maturity analysis			
Present value of lease liabilities:			
Within one year	–	10,502	10,718
More than one year, but not exceeding two years	–	421	9,911
More than two years, but not exceeding five years	–	97	5,748
	–	11,020	26,377

The Group leased various property, plant and equipment as disclosed in Note 17 to operate its research and development activities. The lease terms range from 6 months to 3 years. These lease liabilities were measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The lease agreement did not contain any contingent rent nor any extension or purchase option for leasee.

As at 31 December 2018 and 30 June 2019, the lease liabilities included an amount due to Suzhou Alphamab, a related company, of RMB9,776,000 and RMB24,951,000, respectively.

The total cash outflows for lease amount to RMB112,000, RMB670,000, RMB209,000 (unaudited) and RMB9,878,000 for the years ended 31 December 2017 and 31 December 2018 and the six months ended 30 June 2018 and 30 June 2019, respectively, out of which Nil, Nil, Nil (unaudited) and RMB9,162,000 were paid to Suzhou Alphamab.

25. CONTRACT LIABILITIES

	As at 1 January	As at 31 December		As at 30 June
	2017	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts received in advance for co-development and commercialization of KN035 *(Note 6)*	10,000	10,000	10,000	10,000
Analyzed for reporting purposes as:				
Non-current *(Note)*	10,000	10,000	10,000	10,000

Note: The directors of the Company did not expect to recognize the deferred revenue of RMB10,000,000 in respect of co-development and commercialization of KN035 within twelve months from the end of the reporting period. Therefore, the amounts were classified as non-current liabilities.

26. BANK BORROWINGS

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Secured bank borrowings	–	100,000	150,000

The bank borrowings amounts of Nil and RMB100,000,000 and RMB150,000,000 as at 31 December 2017 and 31 December 2018 and 30 June 2019, respectively, are specific borrowings in relation to construction of new facilities as set out in Note 16.

Carrying amounts of secured bank borrowings are repayable based on repayment schedules as follows:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	–	–
More than one year, but not exceeding two years	–	12,500	18,750
More than two years, but not exceeding five years	–	87,500	131,250
	–	100,000	150,000
Amounts shown under non-current liabilities	–	100,000	150,000

The amounts due are based on scheduled payment dates set out in the loan agreements.

The Group's variable-rate bank borrowings carry interests at 105% of the People's Bank of China benchmark rate per annum.

The effective interest rates on the Group's bank borrowings are as follows:

	Year ended 31 December		Six months ended 30 June
	2017	2018	2019
Effective interest rate:			
Variable-rate bank borrowings	–	4.99%	4.99%

Details of pledge of assets in support of the secured bank borrowings are disclosed in Note 34.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Company entered into share purchase agreements with several independent investors and issued an aggregate of 40,395,031 Series A and Series B Preferred Shares as follows. On 14 May 2019, pursuant to a resolution of the shareholders of the Company, it was approved that 1,000,000,000 shares of the authorized share capital are designated as Series A Preferred Shares and 20,000,000 shares of the authorized share capital of US$0.00001 each are designated as Series B Preferred Shares of US$0.00001 each.

	Date of issue	Total number of preferred shares issue	Subscription price per share	Total	Total in RMB
			US$	*US$'000*	*RMB'000*
Series A Preferred Shares	12 December 2018	28,247,745	4.46053	126,000	874,319
Series B Preferred Shares					
Batch B-1	28 May 2019	8,064,165	4.89821	39,500	272,428
Batch B-2	28 May 2019	4,083,121	4.89821	20,000	137,986
		12,147,286		59,500	410,414

The key terms of the Series A Preferred Shares and Series B Preferred Shares are summarized as follows:

(a) Dividends rights

The Company cannot declare, pay or set aside any dividends on ordinary shares in any year unless the Series A Preferred Shares and Series B Preferred Shares holders shall first receive, or simultaneously receive, such dividends. Such dividends are not cumulative. No dividends have been declared up to the date of this report.

(b) Conversion feature

At any time at the Series A Preferred Shares and Series B Preferred Shares holders request and automatically upon the closing of an initial public offering ("IPO"). Series A Preferred shares and Series B Preferred Shares are convertible into ordinary shares of the Company at a ratio which is computed by dividing the original purchase price by the applicable conversion price. The initial conversion price is the original purchase price of Series A Preferred Shares and Series B Preferred Shares, which are US$4.46053 and US$4.89821 respectively, and may be adjusted unless the consideration per share for the shares issued or deemed to be issued by the Company is less than the Series A Preferred Share conversion price or the Series B Preferred Share conversion price, as appropriate, in effect on the date of and immediately prior to such issuance. As at 31 December 2018 and 30 June 2019, the applicable conversion ratio was 1:1.

IPO means a registered underwritten public offerings of the ordinary shares of the Company in a reputable securities exchange.

(c) Redemption feature

General provision

Notwithstanding anything to the contrary herein, if the Company has not consummated an IPO or a deemed liquidation event of the Company within four years after the date of the issue, then, at any time thereafter, if so requested by the majority holders of Series A Preferred Shares or Series B Preferred Shares, the Company shall redeem all or part of the outstanding Series A Preferred Shares or Series B Preferred Shares held by such holders out of funds legally available therefor. The price at which each Series A Preferred Share or Series B Preferred Share is redeemed shall be the original purchase price, adjusted for any share splits, share dividends, recapitalization and events with similar effect, plus a simple interest rate of ten percent per annum accruing from the original issue date until the date of redemption and all declared but unpaid dividends therefor.

Specific provision

With respect to the sole holder of Batch B-2 of Series B Preferred Shares, if the Company has not consummated an IPO or a deemed liquidation event within two years after the date of the issue, then, within thirty days thereafter, the holder may request the Company to redeem all or part of the outstanding Series B Preferred Shares held by such holder out of funds legally available therefor. The redemption may only be requested once during the redemption period, after which such right shall lapse. The price at which each Series B Preferred Share held by such holder is redeemed shall be the Series B Preferred Share original purchase price, adjusted for any share splits, share dividends, recapitalization and events with similar effect, plus a simple interest rate of five percent per annum accruing from the applicable original issue date until the date of redemption and all declared but unpaid dividends therefor. Notwithstanding the foregoing, if the Company has not consummated an IPO or a deemed liquidation event within four years after the date of the issue, to the extent that such holder stills holds any outstanding Series B Preferred Shares, any such remaining outstanding Series B Preferred Shares then may only be redeemed in accordance with the general provision.

The redemption provisions with respect to general redemption and specific redemption shall terminate upon the Company's submission of a listing application form with the Stock Exchange; provided that if the IPO was not consummated by 30 September 2020, the redemption provisions shall be reinstated; provided further that, if the listing application with the Stock Exchange is ongoing by 30 September 2020, the redemption provisions with respect to general redemption shall not be reinstated until the Company voluntarily withdraws the listing application in relation to the IPO or a listing application submitted by the Company in relation to the IPO has been rejected or returned by the Stock Exchange.

(d) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, the Series B Preferred Shares holders shall be paid first out of legally available funds available for distribution and in preference to any distribution of any of the assets or funds of the Company to the Series A Preferred Shares and the holders of ordinary shares an amount equal to the higher amount (the "Series B Preference Amount") of (i) one hundred percent of the Series B Preferred Shares original purchase price plus a simple interest at the rate of ten percent per annum plus any declared but unpaid dividends; and (ii) pro rata distribution of the assets and funds of the Company legally available for distribution to all the members based on the number of ordinary shares held by each member (calculated on an as converted basis). If there are any assets or funds remaining after the aggregate Series B Preference Amount has been distributed or paid in full to the holders of Series B Preferred Shares, the holders of the Series A Preferred Shares shall receive the higher amount of (i) one hundred percent of the Series A Preferred Shares original purchase price plus a simple interest at the rate of ten percent per annum plus any declared but unpaid dividends; and (ii) pro rata distribution of the assets and funds of the Company legally available for distribution to all the members based on the number of ordinary shares held by each member (calculated on an as converted basis). After the payment of all preferential amounts, any assets and fund of the Company that remain available shall be distributed on a pro rata basis among the holders of ordinary shares.

(e) Voting rights

Holders of Series A Preferred Shares and Series B Preferred Shares are entitled to the number of votes equal to the number of ordinary shares into which the Series A Preferred shares and Series B Preferred Shares are convertible. The Series A Preferred Shares, Series B Preferred Shares and ordinary shares shall vote together as a single class.

Presentation and Classification

The Group and the Company have designated the convertible redeemable preferred shares as financial liabilities at FVTPL. The fair value change of the Series A Preferred Shares and Series B Preferred Shares is charged/credited to fair value change of convertible redeemable preferred shares in profit or loss except for the portion attributable to credit risk change which shall be charged/credited to other comprehensive income, if any. The fair value change recognized in profit or loss includes any interest paid on the financial liabilities and exchange gains or losses upon translation of US$ denominated financial liabilities to RMB, the functional currency of the Company. The directors of the Company considered that there is no credit risk change on the financial liabilities that drive the fair value change of the financial liabilities during the Track Record Period.

The fair value of the Series A Preferred Shares and Series B Preferred Shares at the end of year/period is as follows:

The Group and the Company	**Series A and Series B Preferred Shares**	**Shown in the Historical Financial Information as**
	US$'000	*RMB'000*
As 1 January 2017 and 31 December 2017	–	–
Issue of Series A Preferred shares	119,000	826,637
Conversion of Convertible Notes *(Note i)*	7,000	47,682
Change in fair value *(Note ii)*	5,222	26,284
At 31 December 2018	131,222	900,603
Issue of Series B Preferred Shares	59,500	410,414
Change in fair value *(Note ii)*	(3,284)	(22,436)
At 30 June 2019	187,438	1,288,581

Notes:

(i) On July 10, 2018, pursuant to the Reorganization, two independent investors entered into a note purchase agreement with the Company pursuant to which, the Company agreed to issue secured convertible notes in the principal amounts of US$3.5 million and US$3.5 million (the "Convertible Notes"), respectively. On 19 October 2018, the Convertible Notes were converted into 784,660 and 784,660 Series A Preferred Shares at a conversion price which is equal to the Series A Preferred Shares original purchase price of US$4.46053.

(ii) Change in fair value presented in RMB also includes the exchange effect on translation from US$ balances into RMB.

The Series A Preferred Shares and Series B Preferred Shares were valued by the directors of the Company with reference to valuations carried out by an independent qualified professional valuer not connected with the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

Back-solve model was used to determine the underlying equity value of the Company. As the issue of Series A Preferred Shares and Series B Preferred Shares were considered an arm's length transaction, the underlying equity value of the Company was back-solved based on the issue price.

Hybrid method was adopted to allocate the equity value amongst different classes of shares of the Company at the end of the reporting period. The hybrid method is a hybrid between the probability-weighted expected return method ("PWERM") and the option pricing method ("OPM"), estimating the probability-weighted value across multiple scenarios but using the OPM to estimate the allocation of value within one or more of those scenarios.

Under a PWERM, the value of various equity securities are estimated based upon an analysis of future values for the enterprise, assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise, as well as the rights of each share class. Common future outcomes model might include an IPO or liquidation.

The OPM treats the rights of the Series A Preferred Shares, Series B Preferred Shares and ordinary shares as equivalent to that of call options on the Company's equity value, with strike prices based on the liquidation preferences as disclosed above, redemption provisions and IPO automatic conversion of the Series A Preferred Shares and Series B Preferred Shares. Thus, the equity value of the ordinary shares can be determined by estimating the value of its portion of each of these call option rights.

Key valuation assumptions used to determine the fair value of the Series A Preferred Shares and Series B Preferred Shares are as follows:

	As at 31 December 2018	**As at 30 June 2019**
Time to IPO	0.83 years	0.34 years
Time to liquidation	3.84 years	3.91 years
Risk-free interest rate	2.48%	1.79%
Volatility	31%	32%
Dividend Yield	0%	0%
Possibilities under redemption scenario	30%	25%
Possibilities under liquidation scenario	35%	30%
Possibilities under IPO scenario	35%	45%

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group

For the purpose of presenting the paid-in capital/share capital of the Group prior to the completion of the Reorganization as disclosed in Note 2, the balance at 1 January 2017 and 31 December 2017 represented the paid-in capital of Jiangsu Alphamab attributable to Dr. Xu, the controlling shareholder of the Group.

The share capital as at 31 December 2018 and 30 June 2019 represented the issued share capital of the Company.

The Company

	Notes	**Number of shares**	**Par value per share**	**Amount**
				US$'000
Authorized:				
As at 28 March 2018 (date of incorporation)		50,000,000	US$0.001	50
Share subdivision	*a*	4,950,000,000	US$0.00001	N/A
As at 31 December 2018		5,000,000,000	US$0.00001	50
Increase in authorized shares on 14 May 2019	*e*	20,000,000	US$0.00001	–*
Re-designation as Series A Preferred shares on 14 May 2019	*e*	(1,000,000,000)	US$0.00001	(10)*
Re-designation as Series B Preferred shares on 14 May 2019	*e*	(20,000,000)	US$0.00001	(–)*
As at 30 June 2019		4,000,000,000	US$0.00001	40
Issued and fully paid:				
As at 28 March 2018 (date of incorporation)		100,000	US$0.001	–*
Share subdivision on 16 July 2018	*a*	9,900,000	US$0.00001	N/A
Issue of ordinary shares	*b*	257,817	US$0.00001	–*
Issue of ordinary shares	*a*	92,868,867	US$0.00001	1
Issue of restricted shares	*c*	3,582,531	US$0.00001	–*
Cancellation of restricted shares	*c*	(3,582,531)	US$0.00001	–*
Issue of ordinary shares	*d*	3,466,855	US$0.00001	–*
Cancellation of ordinary shares	*d*	(3,466,855)	US$0.00001	–*
As at 31 December 2018 and 30 June 2019		103,126,684	US$0.00001	1

	RMB'000
Shown in the statements of financial position:	
As at 31 December 2018	7
As at 30 June 2019	7

* less than +/-US$1,000

Notes:

(a) Pursuant to resolutions passed by the sole shareholder of the Company on 5 July 2018, (i) the authorized share capital of the Company was split and subdivided from 50,000,000 with a par value of US$0.001 each into 5,000,000,000 ordinary shares with a par value of US$0.00001 each, out of which the issued shares of 100,000 held by Rubymab were split and subdivided into 10,000,000 shares; and (ii) 55,700,000, 17,150,000, 17,150,000, 2,868,867 shares of the Company were issued to Rubymab, Pearlmed Ltd., a BVI company wholly owned by Mr. Xue, Sky Diamond Co. Ltd., a BVI company wholly owned by Mr Zhang, Aljade Ltd., a BVI company equally owned by SZ ESOP Holders other than Mr. Mike Liu, respectively, with details set out in Note 2. The consideration was fully settled on 13 August 2018 in cash.

(b) On 18 July 2018, the Company issued and allotted ordinary shares to Mr. Mike Liu, a senior executive of the Group and one of the SZ ESOP Holders. The consideration was fully settled on 7 August 2018 in cash and the new shares rank pari passu with the existing shares in all respects.

(c) On 18 July 2018, 3,582,531 restricted shares were issued by the Company to two employees or their nominees and the same number of shares was surrendered and cancelled in September 2018.

(d) On 5 September 2018, the Company issued 3,466,855 shares of the Company to one of the Series A Preferred Shares investor in exchange for US$238,331 (equivalent to RMB1,576,000), which was settled on 11 October 2018. On 19 October 2018, the Company issued 53,431 Series A Preferred Shares to the investor in exchange for its surrender and cancellation of the 3,466,855 ordinary shares.

(e) On 14 May 2019, pursuant to a resolution of the shareholders of the Company, it was approved that (i) the authorized share capital of the Company was increased from 5,000,000,000 shares with a par value of US$0.00001 each to 5,020,000,000 shares with a par value of US$0.00001 each, which: (i) 4,000,000,000 shares are designated as ordinary shares, (ii) 1,000,000,000 shares are designated as Series A Preferred Shares with a par value of US$0.00001 per share with details set out in Note 27 and (iii) 20,000,000 shares are designated as Series B Preferred Shares with a par value of US$0.00001 per share with details set out in Note 27.

29. SHARE OPTION SCHEMES

(a) Equity-settled pre-IPO share option scheme of the Company:

(i) Pursuant to a written resolution of the shareholders of the Company dated 16 October 2018, a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme I") of the Company was approved and adopted. The Pre-IPO Share Option Scheme I was established to recognize and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its existing employees, including any full time or part time employee (including any executive and non-executive director or proposed executive director and non-executive director) of the Group (the "Employees"), and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

On 10 October 2018, options to subscribe for an aggregate of 4,566,012 shares of the Company, representing 4.4% of the issued share capital of the Company on the date of grant, at an exercise price of US$0.071 per share (equivalent to HK$0.554 per share) of the Company, have been granted under the Pre-IPO Share Option Scheme I of the Company conditionally upon the listing of shares of the Company (the "Listing").

On 30 June 2019, pursuant to a resolution of the shareholders of the Company, it was approved that (i) a total of 2,552,012 pre-IPO share options granted on 10 October 2018 be cancelled and (ii) a total of 6,399,077 pre-IPO share options, at an exercise price of US$0.071 per share (equivalent to HK$0.554 per share), representing 6.2% of the issued share capital of the Company on the date of grant, be granted under the Pre-IPO Share Option Scheme I.

In respect of the cancelled 2,552,012 pre-IPO share options for certain employees of the Company on 30 June 2019, 1,718,801 new option under both pre-IPO Share Option Scheme I and Pre-IPO Share Option Scheme II with an exercise price ranging from US$0.071 to US$2.449 per share (equivalent to HK$0.554 to HK$19.102 per share) were granted to those employees with modification of vesting conditions on the same date. As there was a reduction of the number of options granted to those employees, the difference of 833,211 pre-IPO share options were accounted for as a cancellation of that portion of the grant and an amount of RMB12,250,000 was recognized in the profit or loss as the share-based payment expense.

With respect to 97,000 options granted to one employee, the total fair value of the new share options granted was less than that of the cancelled share option at modification date and there was modification of milestone-based vesting conditions and the modification of vesting conditions are not beneficial to that employee. Thus, the amount to be recognized for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the old share options.

With respect to 1,021,801 options granted to one employee, the total fair value of the new share options granted was less than that of the cancelled share options as the exercise price of certain new share options at modification date was increased from US$0.071 under pre-IPO Share Option Scheme I to US$2.449 under pre-IPO Share Option Scheme II per share and there was modification of both time-based and milestone-based vesting conditions which are not beneficial to that employee. Thus, the amount to be recognized for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the old share options.

With respect to 600,000 options granted to one employee, the total fair value of these new share options granted had no material difference to that of the cancelled share options and there were modification of milestone-based vesting conditions and the modification of vesting conditions are not beneficial to that employee. Thus, the amount to be recognized for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the old share options.

The Company used the inputs as stated below to measure the fair value of the old and new options.

The granted options have a contractual option term of ten years. Options granted must be taken up within 10 years from the date of grant, upon payment ranging from US$0.071 to US$2.449 per option at the time of exercise (equivalent to HK$0.554 to HK$19.102 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by the management and employees of the Group under the Pre-IPO Share Option Scheme I during the Track Record Period:

						Number of share options							
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Time-based													
Executive director: Ms. Liu Yang	10.10.2018	25%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
		25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
		25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
		25%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
						–	224,000	–	224,000	–	–	–	224,000
Employees: management	10.10.2018	30%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	67,200	–	67,200	–	–	–	67,200
		30%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	67,200	–	67,200	–	–	–	67,200
		20%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	44,800	–	44,800	–	–	–	44,800
		20%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	44,800	–	44,800	–	–	–	44,800
						–	224,000	–	224,000	–	–	–	224,000
Employees: management	10.10.2018	40%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	8,800	–	8,800	–	–	–	8,800
		30%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	6,600	–	6,600	–	–	–	6,600
		15%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	3,300	–	3,300	–	–	–	3,300
		15%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	3,300	–	3,300	–	–	–	3,300
						–	22,000	–	22,000	–	–	–	22,000

						Number of share options							
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Employees: management	10.10.2018	37.5%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	429,904	–	429,904	–	–	(429,904)	–
		21.25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	243,612	–	243,612	–	–	(243,612)	–
		21.25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	243,612	–	243,612	–	–	(243,612)	–
		20%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	229,282	–	229,282	–	–	(229,282)	–
						–	1,146,410	–	1,146,410	–	–	(1,146,410)	–
Employees: management	10.10.2018	25%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
		25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
		25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
		25%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
						–	933,000	–	933,000	–	(38,000)	(730,000)	165,000
Employees: management	10.10.2018	25%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
		25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
		25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
		25%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
						–	65,000	–	65,000	–	–	(65,000)	–
Executive director: Dr. Xu Ting	30.6.2019	25%	30.6.2019 - 10.10.2019	10.10.2019 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	350,295
		25%	30.6.2019 - 10.10.2020	10.10.2020 – 30.6.2029	0.071	–	–	–	–	350,294	–	–	350,294
		25%	30.6.2019 - 10.10.2021	10.10.2021 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	350,295
		25%	30.6.2019 - 10.10.2022	10.10.2022 – 30.6.2029	0.071	–	–	–	–	350,294	–	–	350,294
						–	–	–	–	1,401,178	–	–	1,401,178
Employees: management	30.6.2019	25%	30.6.2019 - 10.10.2019	10.10.2019 – 30.6.2029	0.071	–	–	–	–	371,402	–	–	371,402
		25%	30.6.2019 - 10.10.2020	10.10.2020 – 30.6.2029	0.071	–	–	–	–	371,402	–	–	371,402
		25%	30.6.2019 - 10.10.2021	10.10.2021 – 30.6.2029	0.071	–	–	–	–	371,402	–	–	371,402
		25%	30.6.2019- 10.10.2022	10.10.2022 – 30.6.2029	0.071	–	–	–	–	371,403	–	–	371,403
						–	–	–	–	1,485,609	–	–	1,485,609
Employees: management	30.6.2019	25%	30.6.2019 - 10.10.2019	10.10.2019 - 30.6.2029	0.071	–	–	–	–	25,644	–	–	25,644
		25%	30.6.2019 - 10.10.2020	10.10.2020 - 30.6.2029	0.071	–	–	–	–	25,644	–	–	25,644
		25%	30.6.2019 - 10.10.2021	10.10.2021 - 30.6.2029	0.071	–	–	–	–	25,644	–	–	25,644
		25%	30.6.2019- 10.10.2022	10.10.2022 - 30.6.2029	0.071	–	–	–	–	25,642	–	–	25,642
						–	–	–	–	102,574	–	–	102,574

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Number of share options: Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Employees: management	30.6.2019	25%	30.6.2019 – 10.10.2019	10.10.2019 – 30.6.2029	0.071	–	–	–	–	70,059	–	–	70,059
		32%	30.6.2019 – 10.10.2020	10.10.2020 – 30.6.2029	0.071	–	–	–	–	89,676	–	–	89,676
		32%	30.6.2019 – 10.10.2021	10.10.2021 – 30.6.2029	0.071	–	–	–	–	89,676	–	–	89,676
		11%	30.6.2019 – 10.10.2022	10.10.2022 – 30.6.2029	0.071	–	–	–	–	30,825	–	–	30,825
						–	–	–	–	280,236	–	–	280,236
Time-based sub-total						–	2,614,410	–	2,614,410	3,269,597	(38,000)	(1,941,410)	3,904,597
Milestone-based *(note)*													
Employees: management	10.10.2018	100%	10.10.2018 – 01.05.2020	01.05.2020 – 10.10.2028	0.071	–	286,602	–	286,602	–	–	(286,602)	–
Employees: others	10.10.2018	100%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	32,000	–	32,000	–	–	(32,000)	–
Employees: others *(note)*	10.10.2018	25%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	110,750	–	110,750	–	(12,500)	–	98,250
		25%	10.10.2018 – 30.6.2021	30.6.2021 – 10.10.2028	0.071	–	110,750	–	110,750	–	(12,500)	–	98,250
		25%	10.10.2018 – 30.6.2022	30.6.2022 – 10.10.2028	0.071	–	110,750	–	110,750	–	(12,500)	–	98,250
		15%	10.10.2018 – 30.6.2023	30.6.2023 – 10.10.2028	0.071	–	66,450	–	66,450	–	(7,500)	–	58,950
		10%	10.10.2018 – 30.6.2025	30.06.2025 – 10.10.2028	0.071	–	44,300	–	44,300	–	(5,000)	–	39,300
						–	443,000	–	443,000	–	(50,000)	–	393,000
Executive director: Ms. Liu Yang	10.10.2018	100%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	224,000	–	224,000	–	–	–	224,000
Employees: management	10.10.2018	100%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	292,000	–	292,000	–	–	(292,000)	–
						–	516,000	–	516,000	–	–	(292,000)	224,000
Employees: management	10.10.2018	25%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	168,500	–	168,500	–	(19,000)	–	149,500
		25%	10.10.2018 – 30.6.2021	30.6.2021 – 10.10.2028	0.071	–	168,500	–	168,500	–	(19,000)	–	149,500
		25%	10.10.2018 – 30.6.2022	30.6.2022 – 10.10.2028	0.071	–	168,500	–	168,500	–	(19,000)	–	149,500
		15%	10.10.2018 – 30.6.2023	30.6.2023 – 10.10.2028	0.071	–	101,100	–	101,100	–	(11,400)	–	89,700
		10%	10.10.2018 – 30.06.2025	30.06.2025 – 10.10.2028	0.071	–	67,400	–	67,400	–	(7,600)	–	59,800
						–	674,000	–	674,000	–	(76,000)	–	598,000

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Number of share options: Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Executive director:													
Dr. Xu Ting	30.6.2019	25%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	305,295
		25%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	350,294	–	–	305,294
		25%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	305,295
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	210,177	–	–	210,177
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	140,117	–	–	140,117
						–	–	–	–	1,401,178	–	–	1,401,178
Employees: management	30.6.2019	50%	30.6.2019 – 31.10.2020	31.10.2020 – 30.6.2029	0.071	–	–	–	–	296,402	–	–	296,402
		50%	30.6.2019 – 31.10.2021	31.10.2021 – 30.6.2029	0.071	–	–	–	–	296,402	–	–	296,402
						–	–	–	–	592,804	–	–	592,804
Employees: management	30.6.2019	20%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	100,885	–	–	100,885
		50%	30.6.2019 – 1.10.2021	1.10.2021 – 30.6.2029	0.071	–	–	–	–	252,212	–	–	252,212
		15%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	75,664	–	–	75,664
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	75,663	–	–	75,663
						–	–	–	–	504,424	–	–	504,424
Employees: management	30.6.2019	40%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	120,000	–	–	120,000
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
		15%	30.6.2019 – 31.10.2021	31.10.2021 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
		15%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
		15%	30.6.2019 – 31.10.2023	31.10.2023 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
						–	–	–	–	300,000	–	–	300,000
Employees: management	30.6.2019	5%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	1,479	–	–	1,479
		40%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	11,835	–	–	11,835
		35%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	10,356	–	–	10,356
		20%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	5,918	–	–	5,918
						–	–	–	–	29,588	–	–	29,588
Employees: management	30.6.2019	15%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	10,948	–	–	10,948
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	10,948	–	–	10,948
		35%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	25,545	–	–	25,545
		25%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	18,246	–	–	18,246
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	7,299	–	–	7,299
						–	–	–	–	72,986	–	–	72,986

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Number of share options: Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Employees: others	30.6.2019	15%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	12,675	–	–	12,675
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	12,675	–	–	12,675
		35%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	29,575	–	–	29,575
		25%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	21,125	–	–	21,125
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	8,450	–	–	8,450
						–	–	–	–	84,500	–	–	84,500
Employees: others	30.6.2019	25%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	36,000	–	–	36,000
		25%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	36,000	–	–	36,000
		25%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	36,000	–	–	36,000
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	21,600	–	–	21,600
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	14,400	–	–	14,400
						–	–	–	–	144,000	–	–	144,000
Milestone – based sub-total						–	1,951,602	–	1,951,602	3,129,480	(126,000)	(610,602)	4,344,480
	Total				0.071	–	4,566,012	–	4,566,012	6,399,077	(164,000)	(2,552,012)	8,249,077
	Exercisable at the end of the years/ period					–			–				–
	Weighted average exercise price per share (US$)					N/A	0.071	N/A	0.071	0.071	0.071	0.071	0.071

Note: Milestone-based pre-IPO share options are granted conditionally upon the achievement of a specified performance target including but not limited to, the completion of Listing, marketing authorization of various drug candidates or achievement of sales targets by a specific time and the expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

On 29 March 2019, the board of directors of the Company passed a resolution to change certain performance targets and the estimated dates of the most likely outcome of performance condition in relation to certain milestone-based share option granted under the Pre-IPO Share Option Scheme I which was not beneficial to the employees. Thus, the amount to be recognized for services received from the employee continues to be measured based on the original vesting conditions.

The estimated fair values of the options granted under the Pre-IPO Share Option Scheme I on 10 October 2018 was in aggregate US$9,719,000 (equivalent to RMB67,131,000) which included 2,552,012 share options canceled under the Pre-IPO Share Option Scheme I granted on 10 October 2018 with a fair value of US$6,041,000 (equivalent to RMB41,530,000) at modification date and the estimated fair values of the options granted on 30 June 2019 was in aggregate US$14,572,000 (equivalent to RMB100,176,000) which included 1,481,660 share options for the replacement of canceled share options under the Pre-IPO Share Option Scheme I granted on 10 October 2018 with a fair value of US$3,477,000 (equivalent to RMB23,903,000) at modification date.

On 8 November 2019, the Group has granted additional 610,000 and 164,000 share options to a director and certain employees, respectively, under the Pre-IPO Share Option Scheme I. As of the date of this Prospectus, the management of the Group is still in the process of estimating the fair values of the options granted on 8 November 2019 under the Pre-IPO Share Option Scheme I.

Fair values of the Pre-IPO Share Option Scheme I

These fair values were calculated using the binomial model. The inputs into the model were as follows:

	Date of grant	
	10.10.2018	**30.6.2019**
Ordinary share price as at date of grant	US$2.195	US$2.437
Exercise price	US$0.071	US$0.071
Expected volatility	38.8%	32.2%
Expected life	10 years	10 years
Risk-free rate	3.17%	2.05%
Expected dividend yield	0%	0%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of comparable companies. The fair value of an option varies with different variables of certain subjective assumptions.

Except for an amount of RMB12,250,000 (equivalent to US$1,774,000) which was expensed in full in the six months ended 30 June 2019 as a result of the cancellation of 833,211 pre-IPO share options as listed in above tables, no share-based payment expenses have been recognized during the Track Record Period in relation to the pre-IPO share options granted by the Company as the directors of the Company assessed that the Listing is not probable during the Track Record Period.

(ii) Pursuant to a written resolution of the shareholders of the Company dated 29 March 2019, another pre-IPO share option scheme (the "Pre-IPO Share Option Scheme II") of the Company was approved and adopted on 9 April 2019. The Pre-IPO Share Option Scheme II was established to recognise and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its Employees, and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme II, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

On 30 June 2019, options to subscribe for an aggregate of 2,086,053 shares of the Company, which included 237,141 shares options issued as replacement for certain options cancelled under Pre-IPO Share Option Scheme I, representing 2.0% of the issued share capital of the Company on the date of grant, at an exercise price of either US$1.225 or US$2.449 per share (equivalent to HK$9.555 or HK$19.102 per share) of the Company, have been granted under the Pre-IPO Share Option Scheme II of the Company conditionally upon the Listing.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of either US$1.225 or US$2.449 per option (equivalent to HK$9.555 or HK$19.102 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movement of the Company's share options held by the management and employees of the Group under the Pre-IPO Share Option Scheme II during the Track Record Period:

						Number of share options			
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercisable price per share	Outstanding at 1.1.2019	Granted during the period	Forfeited during the period	Outstanding at 30.6.2019
					US$				
Time-based									
Executive director:									
Dr. Xu Ting	30.6.2019	25%	30.6.2019 – 9.4.2020	9.4.2020 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 9.4.2021	9.4.2021 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 9.4.2022	9.4.2022 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 9.4.2023	9.4.2023 – 30.6.2029	2.449	–	105,866	–	105,866
						–	423,467	–	423,467

						Number of share options			
	Date of grant	**Vesting proportion**	**Vesting period**	**Exercisable period**	**Exercisable price per share**	**Outstanding at 1.1.2019**	**Granted during the period**	**Forfeited during the period**	**Outstanding at 30.6.2019**
					US$				
Employees: management	30.6.2019	25%	30.6.2019 – 9.4.2020	9.4.2020 – 30.6.2029	2.449	–	84,694	–	84,694
		25%	30.6.2019 – 9.4.2021	9.4.2021 – 30.6.2029	2.449	–	84,694	–	84,694
		25%	30.6.2019 – 9.4.2022	9.4.2022 – 30.6.2029	2.449	–	84,693	–	84,693
		25%	30.6.2019 – 9.4.2023	9.4.2023 – 30.6.2029	2.449	–	84,693	–	84,693
						–	338,774	–	338,774
Employees: management	30.6.2019	25%	30.6.2019 – 9.4.2020	9.4.2020 – 30.6.2029	2.449	–	21,173	–	21,173
		32%	30.6.2019 – 9.4.2021	9.4.2021 – 30.6.2029	2.449	–	27,102	–	27,102
		32%	30.6.2019 – 9.4.2022	9.4.2022 – 30.6.2029	2.449	–	27,102	–	27,102
		11%	30.6.2019 – 9.4.2023	9.4.2023 – 30.6.2029	2.449	–	9,316	–	9,316
						–	84,693	–	84,693
Employees: management	30.6.2019	25%	30.6.2019 – 10.10.2020	10.10.2020 – 30.6.2029	2.449	–	55,477	–	55,477
		25%	30.6.2019 – 10.10.2021	10.10.2021 – 30.6.2029	2.449	–	55,477	–	55,477
		25%	30.6.2019 – 10.10.2022	10.10.2022 – 30.6.2029	2.449	–	55,477	–	55,477
		25%	30.6.2019 – 10.10.2023	10.10.2023 – 30.6.2029	2.449	–	55,478	–	55,478
						–	221,909	–	221,909
Time-based subtotal						–	1,068,843	–	1,068,843
Milestone-based *(note)*									
Executive director: Dr. Xu Ting	30.6.2019	25%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	2.449	–	105,867	–	105,867
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	2.449	–	95,279	–	95,279
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	2.449	–	10,587	–	10,587
						–	423,467	–	423,467
Employees: management	30.6.2019	50%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	2.449	–	84,694	–	84,694
		50%	30.6.2019 – 31.10.2021	31.10.2021 – 30.6.2029	2.449	–	84,693	–	84,693
						–	169,387	–	169,387

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercisable price per share	Number of share options: Outstanding at 1.1.2019	Granted during the period	Forfeited during the period	Outstanding at 30.6.2019
					US$				
Employees: management	30.6.2019	20%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	2.449	–	30,490	–	30,490
		50%	30.6.2019 – 1.10.2021	1.10.2021 – 30.6.2029	2.449	–	76,224	–	76,224
		15%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	2.449	–	22,867	–	22,867
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	2.449	–	22,867	–	22,867
						–	152,448	–	152,448
Employees: management	30.6.2019	5%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	1.225	–	10,595	–	10,595
		40%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	1.225	–	88,763	–	88,763
		35%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	1.225	–	77,668	–	77,668
		20%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	1.225	–	44,882	–	44,882
						–	221,908	–	221,908
Employees: others	30.6.2019	10%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	1.225	–	5,000	–	5,000
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	1.225	–	7,500	–	7,500
		35%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	1.225	–	17,500	–	17,500
		30%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	1.225	–	15,000	–	15,000
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	1.225	–	5,000	–	5,000
						–	50,000	–	50,000
Milestone based sub-total						–	1,017,210	–	1,017,210
Total						–	2,086,053	–	2,086,053
Exercisable at the end of the year/period						–			–
Weighted average exercise price per share (US$)						N/A	2.290	N/A	2.290

Note: Milestone-based pre-IPO share options are granted conditionally upon the achievement of a specified performance target including but not limited to, the completion of Listing, marketing authorization of various drug candidates, achievement of sales targets, or increase in the Company's market capitalization after the Listing by a specific time and the expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

The estimated fair values of the options granted under the Pre-IPO Share Option Scheme II on 30 June 2019 was in aggregate US$2,212,000 (equivalent to RMB15,208,000) which included 237,141 share options for the replacement of canceled share option under the Pre-IPO Share Option Scheme I granted on 10 October 2018 with a fair value of US$229,000 (equivalent to RMB1,574,000) at modification date.

On 8 November and 13 November 2019, the Group has granted additional 363,943 and 77,000 share options, respectively, to certain employees under the Pre-IPO Share Option Scheme II. As of the date of this Prospectus, the management of the Group is still in the process of estimating the fair values of the options granted on 8 November 2019 and 13 November 2019 under the Pre-IPO Share Option Scheme II.

Fair value of the Pre-IPO Share Option Scheme II

These fair values were calculated using the binomial model. The inputs into the model were as follows:

	Date of grant
	30.6.2019
Ordinary share price as at date of grant	US$2.437
Exercise price	US$1.225 or US$2.449
Expected volatility	32.2%
Expected life	10 years
Risk-free rate	2.05%
Expected dividend yield	0%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of comparable companies. The fair value of an option varies with different variables of certain subjective assumptions.

No share-based payment expenses have been recognized during the Track Record Period in relation to the pre-IPO share options granted by the Company under the Pre-IPO Share Option Scheme II as the directors of the Company assessed that the Listing is not probable during the Track Record Period.

(b) Share option scheme with cash-settled alternatives of Suzhou Alphamab

Since May 2014, Suzhou Alphamab had issued 5 batches of share options under the SZ ESOP Plan as an incentive to employees and management of Suzhou Alphamab. Under the SZ ESOP Plan, the grantees can choose to settle in cash based on a calculation methodology as stated in the plan or in equity when Suzhou Alphamab completed the listing of its shares. Such SZ ESOP Plan was accounted for as a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash).

During the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, the Group recognised share-based payment expenses of RMB192,000, RMB263,000, RMB263,000 (unaudited) and RMB106,000 that are allocated to the Oncology Business under the SZ ESOP Plan, respectively.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amount due to a related company, lease liabilities, bank borrowings and convertible redeemable preferred shares as disclosed in Notes 21, 24, 26 and 27, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and various reserves.

The directors of the Company regularly review the capital structure from time to time. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts and redemption of existing debts.

31. FINANCIAL INSTRUMENTS

31a. Categories of financial instruments

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets					
Financial assets at FVTPL	600	–	1,680	–	–
Loans and receivables	57	–	–	–	–
Amortised cost	–	633,988	907,352	288,840	281,545
Financial liabilities					
Financial liabilities at FVTPL	–	900,603	1,288,581	900,603	1,288,581
Amortised cost	6,336	157,691	226,190	4,854	15,305
Lease liabilities	–	11,020	26,337	–	–

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit and counterparty risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance by actively managing debt level and cash flow in order to maintain a strong financial position and minimising refinancing and liquidity risks by attaining healthy debt repayment capacity, appropriate maturity profile and availability of banking facilities. The Group adheres to a policy of financial prudence and did not use any derivative financial instruments during the year.

31b. Financial risk management objectives and policies

The Group and the Company's major financial instruments include other receivables and deposits, financial assets at FVTPL, amount(s) due from (to) a related company/subsidiaries, cash and cash equivalents, time deposits with original maturity over three months, trade and other payables, bank borrowings and convertible redeemable preferred shares.

Details of the financial instruments are disclosed in respective notes. The directors of the Company manage and monitor the below risks exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances, trade and other payables and convertible redeemable preferred shares are denominated in currencies other than the functional currency of the group entities and the Company, which exposes the Group and the Company to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

The Group	**Assets**			**Liabilities**		
	As at 31 December		**As at 30 June**	**As at 31 December**		**As at 30 June**
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
US$	–	570,900	321,056	–	(900,871)	(1,288,936)
HKD	–	618	499	–	–	–
EUR	–	–	–	–	(15)	(267)
GBP	–	–	–	–	–	(180)
	–	571,518	321,555	–	(900,886)	(1,289,383)

The Company	**Assets**			**Liabilities**		
	As at 31 December		**As at 30 June**	**As at 31 December**		**As at 30 June**
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
US$	–	288,238	281,210	–	(900,603)	(1,288,581)
HKD	–	602	335	–	–	–
	–	288,840	281,545	–	(900,603)	(1,288,581)

Sensitivity analysis

The amounts denominated in HKD, EUR and GBP are not material and no sensitivity analysis is presented as the exposure is considered to be immaterial.

The Group is mainly exposed to the fluctuation of foreign exchange rate of US$. The following table details the Group's sensitivity to a 10% increase and decrease in US$ against RMB. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of each reporting period for a 10% change in US$. For US$, a negative number below indicates an increase in loss for the year/period where US$ strengthens 10% against RMB and for a 10% weakening of US$ against RMB, there would be an equal and opposite impact on the loss for the year/period.

The Group	**Year ended 31 December**		**Six months ended 30 June**
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Impact of US$ on loss for the year/period	–	(32,997)	(96,788)

The Company	**Year ended 31 December**		**Six months ended 30 June**
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Impact of US$ on loss for the year/period	–	(61,237)	(100,737)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Track Record Period.

Interest rate risk

The Group

The Group is exposed to fair value interest rate risk in relation to fixed-rate convertible redeemable preferred shares and time deposits with original maturity over three months as disclosed in Notes 27 and 22. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, variable-rate cash and cash equivalent and variable-rate bank balances over three months as disclosed in Notes 26 and 22, respectively. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interests rates on bank balances and benchmark borrowing rate arising from its borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank balances/deposits and borrowings, the analysis is prepared assuming the amount of bank balances/deposits and borrowings outstanding at the end of each reporting period were outstanding for the whole year/period. A 50 basis point increase or decrease representing management's assessment of the reasonably possible change in interest rate is used.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2019, would increase/decrease by Nil, RMB23,000 and RMB574,000, respectively.

The Company

The Company is exposed to fair value interest rate risk in relation to fixed-rate convertible redeemable preferred shares and time deposits with original maturity over three months as disclosed in Notes 27 and 22. The Company is also exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents (see note 22). The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances.

No sensitivity analysis is presented as the exposure is considered to be immaterial.

Other price risk

The Group

The Group is exposed to other price risk for its financial assets at FVTPL.

The amount of financial assets at FVTPL is not material and no sensitivity analysis is presented as the exposure is considered to be immaterial.

Credit and counterparty risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting financial loss to the Group.

In order to minimize the credit risk, the directors of the Company review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor frequently usually repays after due dates but settle the amounts in full	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Other receivables

The Group assessed the ECL for its other receivables individually based on internal credit rating which, in the opinion of the directors of the Company, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. No 12-month ECL was made for other receivables with gross carrying amounts of RMB81,000, RMB276,000 and RMB39,000 as at 1 January 2018 (date of initial adoption of IFRS 9) and 31 December 2018 and 30 June 2019, respectively, as the amounts involved are not material and the estimated loss rates were less than 5%.

The Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Cash and cash equivalents and time deposits with original maturity over three months

A significant portion of the Group's bank balances/deposits are placed with a few state-owned banks in the PRC and international banks in Hong Kong with gross carrying amounts of RMB57,000, RMB633,712,000 and RMB907,313,000 as at 1 January 2018 (date of initial adoption of IFRS 9) and 31 December 2018 and 30 June 2019, respectively. The credit risks on bank balances/deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the credit risks mentioned above, the Group does not have any other significant concentration of credit risk.

No 12-month ECL has been provided during the Track Record Period, the directors of the Company assess the impact is immaterial and the estimated loss rates were less than 0.5%.

Liquidity risk

As at 30 June 2019, the Group recorded net liabilities of RMB313,272,000. In the management of liquidity risk, the directors of the Company have reviewed the Group's cash flow projections to ensure the Group maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group is dependent upon its bank borrowings and convertible redeemable preferred shares as significant sources of liquidity.

As at 31 December 2017 and 31 December 2018 and 30 June 2019, the Group had available unutilised banking facilities of Nil, RMB470,000,000 and RMB370,000,000, respectively.

The following table details the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest risk table

The Group:

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2017
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017							
Trade and other payables	N/A	4,328	–	–	–	4,328	4,328
Amount due to a related company	6	2,008	–	–	–	2,008	2,008
		6,336	–	–	–	6,336	6,336

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018							
Trade and other payables	N/A	52,601	–	–	–	52,601	52,601
Amount due to a related company	N/A	5,090	–	–	–	5,090	5,090
Bank borrowings – variable rate *(Note)*	4.99	416	1,248	3,327	116,546	121,537	100,000
		58,107	1,248	3,327	116,546	179,228	157,691
Lease liabilities	4.99	6,411	2,318	1,906	541	11,176	11,020
Convertible redeemable preferred shares	10	–	–	–	1,245,485	1,245,485	900,603
At 30 June 2019							
Trade and other payables	N/A	75,812	–	–	–	75,812	75,812
Amount due to a related company	N/A	378	–	–	–	378	378
Bank borrowings – variable rate *(Note)*	4.99	624	1,871	4,990	171,108	178,593	150,000
		76,814	1,871	4,990	171,108	254,783	226,190
Lease liabilities	4.99	794	2,585	8,487	16,321	28,187	26,377
Convertible redeemable preferred shares	9.46	–	–	–	1,761,960	1,761,960	1,288,581

The Company:

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018							
Other payables	N/A	4,854	–	–	–	4,854	4,854
Convertible redeemable preferred shares	10	–	–	–	1,245,485	1,245,485	900,603
At 30 June 2019							
Other payables	N/A	15,305	–	–	–	15,305	15,305
Convertible redeemable preferred shares	9.46	–	–	–	1,761,960	1,761,960	1,288,581

Note: The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

31c. Fair values measurements of financial instruments

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair value as at					
	31 December		30 June	Fair value	Valuation technique(s)	Significant
	2017	2018	2019	hierarchy	and key inputs	inputs
	RMB'000	*RMB'000*	*RMB'000*			
Financial assets						
The Group						
Structured deposits	600	–	1,680	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets	N/A

	Fair value as at						
	31 December		30 June				
	2017	2018	2019	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	RMB'000	*RMB'000*	*RMB'000*				
Financial liabilities							
The Group and Company							
Series A Preferred Shares	N/A	900,603	877,430	Level 3	Back-solve model and Hybrid Method – the key inputs are: enterprise value, time to liquidation, risk-free interest rate and volatility	Volatility *(note)*	The higher the volatility, the lower the fair value, and vice versa.
Series B Preferred Shares	N/A	N/A	411,151				
		900,603	1,288,581				

A 5% increase/decrease in the volatility holding all other variables constant would decrease/increase the fair value of the convertible redeemable preferred shares by RMB2,480,000/RMB2,227,000 as at 31 December 2018 and RMB3,369,000/RMB3,301,000 as at 30 June 2019.

(ii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of Level 3 fair value measurement for the Series A Preferred Shares and Series B Preferred Shares are set out in Note 27.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

32. CAPITAL COMMITMENTS

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	119,881	130,352	127,578

33. RETIREMENT BENEFITS PLAN

The employees employed by the PRC subsidiary are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The total cost charged to profit or loss of RMB2,824,000, RMB3,054,000, RMB762,000 (unaudited) and RMB2,550,000 represents contributions paid or payable to the above schemes by the Group for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

34. PLEDGE OF ASSETS

At the end of each reporting period, the carrying amounts of the assets pledged by the Group to banks in order to secure the bank borrowings and general banking facilities granted by banks to the Group are as follows:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Land use rights included in right-of-use assets	–	23,164	22,917
CIP	–	–	137,550

35. RELATED PARTY DISCLOSURES

(i) Transactions

Save as disclosed elsewhere in the Historical Financial Information and particularly the transactions undertaken pursuant to the Reorganization, during the Track Record Period, the Group also entered into the following transactions with its related company:

			Year ended 31 December		Six months ended 30 June
Related party	**Relationship**	**Nature of transactions**	**2017**	**2018**	**2019**
			RMB'000	*RMB'000*	*RMB'000*
Suzhou Alphamab	Related company	Transfer of the Oncology Business	–	132,180	–
		Interest expenses	8	54	–
		Utilities expenses	–	1,116	719
		Cash payment on lease *(Note 24)*	–	–	9,162
		Interest expenses – lease liabilities	–	358	90
		Purchase of raw materials	–	3,974	–

(ii) Balances

Details of the balance with related company are set out in the statements of financial position and in Notes 21 and 24.

(iii) Guarantees in support of the banking facilities and convertible notes

As at 31 December 2018, the Group had obtained general banking facilities from certain banks which were guaranteed by a related company, Suzhou Alphamab. The aforesaid guarantees on the banking facilities had been released during the six months ended 30 June 2019.

During the year ended 31 December 2018, Rubymab has charged 16,425,000 and 16,425,000 of its shares to two independent investors in order to support the Group's issue of Convertible Notes as part of the Reorganization as disclosed in Note 27 and such charges were released upon the completion of the Reorganization and the conversion as Series A Preferred Shares.

(iv) Compensation of key management personnel

The remuneration of the Group's key management personnel is determined with regard to the performance of the individuals and market trends. For each of the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, the total remuneration of key management personnel, including directors and key executives, amounted to RMB1,639,000, RMB74,477,000, RMB66,464,000 (unaudited) and RMB18,663,000, respectively. Out of these amounts, RMB1,286,000, RMB9,635,000, RMB1,868,000 (unaudited) and RMB6,187,000 represented their short-term benefits and RMB353,000, RMB389,000, RMB143,000 (unaudited) and RMB226,000 represented their post-employment benefits for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively, and the remaining balance represented (A) share-based payment expense of RMB64,453,000 included in reorganization related expense for the year ended 31 December 2018 and the six months ended 30 June 2018, resulted from the Reorganization as detailed in note (iii) to the consolidated statements of changes in equity, which is recognized in accordance with IFRS 2 for Dr. Xu's service as a key management personnel of the Group and determined based on a valuation using the discounted cash flow model with major inputs being (i) weighted average cost of capital of 15%; (ii) zero expected dividend yield; (iii) expected volatility of 37.7%; and (iv) 14% discount for lack of marketability. The expected volatility is measured at the standard deviation on the historical data of the daily share price movement of comparable companies; and (B) the share-based payment expense of RMB12,250,000 for the six months ended 30 June 2019 as a result of the cancellation of 833,211 pre-IPO share options granted under the Pre-IPO Share Option Scheme I, as detailed in note 29(a).

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Amount due to a related company *(Note 21)*	Bank borrowings	Convertible redeemable preferred shares	Convertible notes	Lease liabilities	Interest payable *(Note 23)*	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	–	–	–	–	–	–	–
Financing cash flows	2,000	–	–	–	–	–	–	2,000
Non-cash changes								
Interest expenses recognized *(Note 9)*	8	–	–	–	–	–	–	8
At 31 December 2017	2,008	–	–	–	–	–	–	2,008
Financing cash flows	(2,062)	100,000	821,674	47,682	(403)	(2,887)	(468)	963,536
Non-cash changes								
Conversion as Series A Preferred Shares	–	–	47,682	(47,682)	–	–	–	–
Fair value changes of financial liabilities measured at FVTPL	–	–	26,284	–	–	–	–	26,284
Inception of lease	–	–	–	–	11,044	–	–	11,044
Issue costs accrued	–	–	4,963	–	–	–	1,681	6,644
Interest expenses recognized *(Note 9)*	54	–	–	–	379	3,039	–	3,472
At 31 December 2018	–	100,000	900,603	–	11,020	152	1,213	1,012,988

	Amount due to a related company *(Note 21)*	Bank borrowings	Convertible redeemable preferred shares	Convertible notes	Lease liabilities	Interest payable *(Note 23)*	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018	–	100,000	900,603	–	11,020	152	1,213	1,012,988
Financing cash flows	–	50,000	410,066	–	(9,706)	(2,888)	(1,574)	445,898
Non-cash changes								
Fair value changes of financial liabilities measured at FVTPL	–	–	(22,436)	–	–	–	–	(22,436)
Inception of lease	–	–	–	–	24,828	–	–	24,828
Issue costs accrued	–	–	348	–	–	–	4,187	4,535
Interest expenses recognized *(Note 9)*	–	–	–	–	235	2,944	–	3,179
At 30 June 2019	–	150,000	1,288,581	–	26,377	208	3,826	1,468,992
At 1 January 2018 (audited)	2,008	–	–	–	–	–	–	2,008
Financing cash flows (unaudited)	(2,062)	52,987	–	–	(112)	–	–	50,813
Inception of lease	–	–	–	–	10,269	–	–	10,269
Interest expenses recognized *(Note 9)* (unaudited)	54	–	–	–	118	70	–	242
At 30 June 2018 (unaudited)	–	52,987	–	–	10,275	70	–	63,332

37. RESERVE OF THE COMPANY

	Accumulated losses
	RMB'000
As at 28 March 2018 (date of incorporation)	–
Loss and total comprehensive expense for the period	(52,881)
As at 31 December 2018	(52,881)
Profit and total comprehensive expense for the period	9,565
Cancellation of certain pre-IPO share options *(Note 29(a))*	12,250
As at 30 June 2019	(31,066)

38. INVESTMENTS IN SUBSIDIARIES/PARTICULARS OF SUBSIDIARIES

The investments in subsidiaries mainly represent the deemed investments in subsidiaries through (i) capitalization of amounts due from subsidiaries of RMB559,914,000 and RMB966,621,000, (ii) capitalization of deemed investment arising from granting pre-IPO share options to the employees of subsidiaries of Nil and RMB12,250,000 and (iii) capitalization of imputed interests arising from the amounts due from subsidiaries on initial recognition of RMB3,184,000 and RMB3,184,000 as at 31 December 2018 and 30 June 2019, respectively.

General information of subsidiaries

At the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ establishment/ Date of incorporation/ establishment	Issued and fully paid share capital/registered capital	Equity interest attributable to the Company as at				Principal activities	*Notes*
			31 December 2017	31 December 2018	30 June 2019	the date of this report		
Directly held:								
Alphamab BVI	The BVI/ 19 April 2018	Issued capital of HK$1 and paid-in capital of HK$1	N/A	100%	100%	100%	Investment holding	*(a)*
Indirectly held:								
Alphamab Hong Kong	Hong Kong/ 11 May 2018	Issued capital of HK$1 and paid-in capital of HK$1	N/A	100%	100%	100%	Investment holding	*(d)*
Jiangsu Alphamab	The PRC/ 14 July 2015	Registered and paid-in capital of USD141,318,858	51%	100%	100%	100%	Research and development of drugs	*(c)*
Alphamab Australia	Australia/ 20 November 2017	Registered capital of AUD100 and paid-in capital of AUD100	51%	100%	100%	100%	Research and development of drugs	*(b)*

Notes:

(a) No audited financial statements have been prepared for Alphamab BVI as it is incorporated in a jurisdiction where there are no statutory audit requirements.

(b) No audited financial statements have been prepared for Alphamab Australia as it is incorporated in a jurisdiction where there is no statutory audit requirement.

(c) The statutory financial statements of Jiangsu Alphamab for the years ended 31 December 2017 and 2018 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by certified public accountants registered in the PRC, namely Suzhou Devotion C.P.A. Partnership.

(d) No audited financial statements have been prepared for Alphamab Hong Kong as it is newly incorporated and the financial statements have not yet been due to issue.

Details of Jiangsu Alphamab and the Oncology Business that have material non-controlling interests

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2018	2017	2018	2017	2018
		%	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiangsu Alphamab	The PRC	49%	N/A	(2,540)	(44,948)	15,603	N/A
Oncology Business	The PRC	49%	N/A	(29,211)	(6,382)	(2,697)	N/A
Other individual immaterial subsidiaries with non-controlling interests				(14)	(1,460)	(14)	N/A
				(31,765)	(52,790)	12,892	N/A

	Jiangsu Alphamab	Oncology Business
	RMB'000	*RMB'000*
At 31 December 2017		
Current assets	3,046	8,865
Non-current assets	34,662	–
Current liabilities	(5,866)	(4,369)
Non-current liabilities	–	(10,000)
Equity attributable to owners of the Company	16,239	(2,807)
Non-controlling interests	15,603	(2,697)
Year ended 31 December 2017		
Loss and total comprehensive expense	(5,184)	(59,614)
Loss and total comprehensive expense attributable to owners of the Company	(2,644)	(30,403)
Loss and total comprehensive expense attributable to non-controlling interests	(2,540)	(29,211)
Year ended 31 December 2017		
Net cash outflow from operating activities	(4,293)	(60,868)
Net cash inflow from investing activities	2,305	–
Net cash inflow from financing activities	2,000	–
Net cash inflow/(outflow)	12	(60,868)
Net contribution for the Oncology Business by Suzhou Alphamab		60,868

	Jiangsu Alphamab	Oncology Business
	RMB'000	*RMB'000*
	For the period from 1 January 2018 to 25 September 2018	**For the period from 1 January 2018 to 18 April 2018**
Loss and total comprehensive expense	(102,801)	(13,027)
Total comprehensive expense attributable to owners of the Company	(57,853)	(6,645)
Total comprehensive expense attributable to non-controlling interests	(44,948)	(6,382)
	For the period from 1 January 2018 to 25 September 2018	**For the year ended 31 December 2018** *(note)*
Net cash outflow from operating activities	(24,064)	(9,537)
Net cash outflow from investing activities	(35,741)	–
Net cash inflow from financing activities	84,978	–
Net cash inflow/(outflow)	25,173	(9,537)
Net contribution for the Oncology Business by Suzhou Alphamab		9,537

Note: The amount includes the net contribution for the Oncology Business by Suzhou Alphamab during the transition period after the transfer of the Oncology Business on 18 April 2018.

39. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, subsequent to 30 June 2019, the Group has the following significant subsequent events:

On 24 November 2019, pursuant to a resolution of the shareholders of the Company, it was approved that a share subdivision pursuant to which each issued and unissued share capital was split into five shares of the corresponding class with par value of US$0.000002 each (the "Share Subdivision"), following which the Company's issued share capital consisted of (i) 515,633,420 issued ordinary shares with par value of US$0.000002 each, (ii) 141,238,725 Series A Preferred Shares with par value of US$0.000002 each and (iii) 60,736,430 Series B Preferred Shares with par value of US$0.000002 each. Each Preferred Share will be automatically converted to one ordinary share upon the Listing becoming unconditional.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2019.