The following is the text of a report set out on pages I-[1] to I-[48], received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LAEKNA, INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Laekna, Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[48], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021 and 2022 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 years ended 31 December 2021 and 2022 (the "Relevant Periods"), 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-[48] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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' judgment, 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 of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 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, 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2021 and 2022, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 23(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[**REDACTED**]

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 Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years ended 31 December	
	Note	**2021**	**2022**
		RMB'000	*RMB'000*
Other income	*4*	520	4,798
Other losses		(990)	(4,353)
Administrative expenses		(51,884)	(80,238)
Research and development expenses		(173,256)	(313,356)
Loss from operations		**(225,610)**	**(393,149)**
Finance costs	*5(a)*	(922)	(1,389)
Fair value changes on financial instruments issued to investors	*21*	(522,432)	(387,056)
Loss before taxation	*5*	**(748,964)**	**(781,594)**
Income tax	*6*	–	–
Loss for the year		**(748,964)**	**(781,594)**
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		10,781	(71,656)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries		8,156	(48,947)
Total comprehensive income for the year		**(730,027)**	**(902,197)**
Loss per share			
Basic and diluted (RMB)	*9*	(105.35)	(101.88)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	Note	**2021**	**2022**
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*10*	5,768	5,273
Intangible assets	*11*	110,315	123,631
Right-of-use assets	*12*	23,911	8,246
Other non-current assets	*14*	9,954	8,083
		149,948	**145,233**
Current assets			
Prepayments and other receivables	*15*	12,485	11,561
Cash and cash equivalents	*16*	296,412	323,070
		308,897	**334,631**
Current liabilities			
Bank loans	*17*	2,000	19,782
Other payables	*18*	38,131	75,868
Lease liabilities	*19*	1,859	1,859
		41,990	**97,509**
Net current assets		**266,907**	**237,122**
Total assets less current liabilities		**416,855**	**382,355**
Non-current liabilities			
Lease liabilities	*19*	23,984	6,660
Deferred income	*20*	3,500	3,500
Financial instruments issued to investors	*21*	1,500,540	2,277,281
		1,528,024	**2,287,441**
NET LIABILITIES		**(1,111,169)**	**(1,905,086)**
CAPITAL AND RESERVES	*23*		
Share capital		4	5
Reserves		(1,111,173)	(1,905,091)
TOTAL DEFICIT		**(1,111,169)**	**(1,905,086)**

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	
	Note	**2021**	**2022**
		RMB'000	*RMB'000*
Non-current assets			
Intangible assets	*11*	108,661	118,698
Investment in subsidiaries	*13*	24,754	780,529
Prepayments and other receivables	*15*	424,502	41,969
		557,917	**941,196**
Current assets			
Prepayments and other receivables	*15*	35	5,352
Cash and cash equivalents	*16*	234,425	248,985
		234,460	**254,337**
Current liabilities			
Other payables	*18*	392	3,821
Net current assets		**234,068**	**250,516**
Total assets less current liabilities		**791,985**	**1,191,712**
Non-current liabilities			
Financial instruments issued to investors	*21*	1,500,540	2,277,281
NET LIABILITIES		**(708,555)**	**(1,085,569)**
CAPITAL AND RESERVES	*23*		
Share capital		4	5
Reserves		(708,559)	(1,085,574)
TOTAL DEFICIT		**(708,555)**	**(1,085,569)**

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	**Share capital** *RMB'000*	**Share premium** *RMB'000*	**Capital reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total deficit** *RMB'000*
Balance at 1 January 2021		4	–	20,908	23,088	(437,169)	(393,169)
Changes in equity for 2021							
Total comprehensive income for the year		–	–	–	18,937	(748,964)	(730,027)
Equity settled share-based payment	*22*	–	–	12,027	–	–	12,027
Balance at 31 December 2021 and 1 January 2022		4	–	32,935	42,025	(1,186,133)	(1,111,169)
Changes in equity for 2022							
Total comprehensive income for the year		–	–	–	(120,603)	(781,594)	(902,197)
Equity settled share-based payment	*22*	–	–	26,461	–	–	26,461
Shares issued upon exercise of the warrant	*23(c)*	1	81,764	–	–	–	81,765
Shares issued under share option scheme	*23(c)*	–*	11,443	(11,389)	–	–	54
Balance at 31 December 2022		5	93,207	48,007	(78,578)	(1,967,727)	(1,905,086)

* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended 31 December	
	Note	**2021**	**2022**
		RMB'000	*RMB'000*
Operating activities			
Cash used in operations	*16(b)*	(198,007)	(306,283)
Net cash used in operating activities		(198,007)	(306,283)
Investing activities			
Payment for purchase of property, plant and equipment		(7,317)	(2,983)
Payment for purchase of intangible assets		(1,804)	(2,102)
Interest received from bank deposits	*4*	409	823
Payment for purchase of wealth management products		–	(22,847)
Proceeds from disposal of wealth management products upon maturity		–	22,889
Net cash used in investing activities		(8,712)	(4,220)
Financing activities			
Proceeds from bank loans	*16(c)*	2,000	19,650
Repayment of a bank loan	*16(c)*	–	(2,000)
Interest paid for bank loans	*16(c)*	(29)	(173)
Proceeds from issuance of preferred shares	*16(c)*	412,538	301,028
Proceeds from shares issued under share option scheme	*23(c)*	–	54
Payment for capital element of lease liabilities	*16(c)*	(1,202)	(511)
Payment for interest element of lease liabilities	*16(c)*	(893)	(439)
Payment for [**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]
Net cash generated from financing activities		412,414	312,580
Net increase in cash and cash equivalents		205,695	2,077
Cash and cash equivalents at 1 January	*16(a)*	94,760	296,412
Effect of foreign exchange rate changes		(4,043)	24,581
Cash and cash equivalents at 31 December	*16(a)*	296,412	323,070

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Laekna, Inc. (the "Company") was incorporated in the Cayman Islands on 29 July 2016 as an exempted company with limited liability under the law of the Cayman Islands.

The Company is an investing holding company. During the Relevant Periods, the Company and its subsidiaries (together, "the Group") are principally engaged in discovering, development and commercialising innovative therapies for cancer and liver diseases in the People's Republic of China (the "PRC"), the United States of America (the "USA"), Europe and South Korea.

As at the date of this report, no audited financial statement has been prepared for the Company. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

			Proportion of ownership interest		
Name of company	**Place and date of incorporation/ establishment**	**Particulars of issued and paid up capital**	**Directly held by the Company**	**Indirectly held by the Company**	**Principal activities**
Laekna Limited ("Laekna HK") *(ii)*	26 August 2016 Hong Kong	USD104,255,223	100%	–	Research and development of drug candidates
Laekna LLC ("Laekna LLC") *(v)*	3 January 2020 The USA	–	100%	–	Research and development of drug candidates
Laekna Therapeutics Shanghai Co., Ltd. ("Laekna Therapeutics") (來凱醫藥科技(上海)有限公司) *(i)(iii)*	28 December 2016 The PRC	RMB102,177,006	–	100%	Research and development of drug candidates
Laekna Pharmaceutical Shanghai Co., Ltd. ("Laekna Pharmaceutical") (來凱製藥(上海)有限公司) *(i)(iv)*	8 December 2020 The PRC	RMB22,000,000	–	100%	Pharmaceutical

Notes:

(i) The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(ii) The statutory financial statements of this entity for the years ended 31 December 2021 and 2022 were audited by KPMG (畢馬威會計師事務所).

(iii) The statutory financial statements of this entity for the years ended 31 December 2021 and 2022 were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所).

(iv) The statutory financial statements of this entity for the period from 8 December 2020 (date of incorporation) to 31 December 2021 and the year ended 31 December 2022 were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所).

(v) No audited financial statements are available as at the date of this report.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

Notwithstanding that the Group recorded net liabilities of RMB1,111,169,000 and RMB1,905,086,000 as at 31 December 2021 and 2022, and incurred recurring losses from operations since incorporation, the Historical Financial Information has been prepared on a going concern basis as the directors of the Company believe that the preferred shares (see Note 21(a)) will not be redeemed within the next twelve months from 31 December 2022. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due and to sustain its operations for the foreseeable future after reviewing the Group's cash flow projection, taking into account the expected working capital requirements covering the next twelve months from 31 December 2022.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs to the Relevant Periods. The accounting policies set out in Note 2 have been applied consistently throughout the Relevant Periods and the Group has not adopted any new standards or interpretations that are effective for the accounting year beginning on or after 1 January 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting years beginning on or after 1 January 2023 are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

As the Group's operations are primarily located in the PRC and most of the Group's transactions are conducted and denominated in Renminbi ("RMB"), the Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise stated. The functional currency of the Company is United States dollars ("USD").

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets and liabilities are stated at their fair value as explained in the accounting policies as set out in Notes 2(d)&(l).

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)).

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 24(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interests; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(g)).

The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group or the Company. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Laboratory equipment	1-5 years
Office and other equipment	3-5 years
Leasehold improvement	Shorter of useful lives or lease term
Right-of-use assets	Over the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less impairment losses (see Note 2(h)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to relevant property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation polices specified above. No depreciation is provided in respect of construction in progress.

(f) Intangible assets

(i) Research and development expenditures

The Group incurs significant costs and efforts on research and development activities, which include expenditures on drug products. Research expenditures are charged to profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed drug product and all the following can be demonstrated:

(i) the technical feasibility of completing the development project so that it will be available for use or sale;

(ii) the Group's intention to complete the development project to use or sell it;

(iii) the Group's ability to use or sell the development project;

(iv) how the development project will generate probable future economic benefits for the Group;

(v) the Group's availability of adequate technical, financial and other resources to complete the development and to use or sell the development project; and

(vi) the ability to measure reliably the expenditures attributable to the development project.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads. The Group generally considers capitalisation criteria for internally generated intangible assets is met when obtaining regulatory approval of a new drug license.

Capitalised development expenditures are amortised using the straight-line method over the life of the related drug products. Amortisation shall begin when the asset is available for commercial use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortisation and accumulated impairment losses (see Note 2(h)(ii)) (if any).

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred, and development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period.

(ii) In-licenses

Intangible assets acquired separately are measured at cost on initial recognition.

Certain intangible assets are for licenses of intellectual properties in development, with non-refundable upfront payments, milestone payments and royalty payments. Upfront payments are capitalised when paid. Milestone payments are capitalised as intangible assets when incurred and enhanced the expected future economic benefits of the intangible assets, unless the payments are for outsourced research and development work which would follow the capitalisation policy in Note 2(f)(i). Royalty payments would be accrued for in line with the underlying sales and recognised as a cost of sales.

The intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised when ready for commercial use and over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Intangible assets with indefinite useful lives or not ready for commercial use will not be amortised but tested for impairment annually either individually or at the cash generating unit level. The impairment test would compare the recoverable amount of the in-licensed asset to its carrying value. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(iii) Software

Computer software is recognised at historical cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses (see Note 2(h)(ii)). The Group amortised on a straight-line basis over their estimated useful lives of 5 years based on the current functionalities and the daily operation needs of the software.

Both the period and method of amortisation are reviewed annually.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease component as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 2(d)(i), 2(q)(i) and 2(h)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents and other receivables). Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group or the Company in accordance with the contract and the cash flows that the Group or the Company expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fix-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group or the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising a security (if any is held). 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.

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

– failure to make payments of principal or interest on their contractually due dates;

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

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(h)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(h)(i).

(k) Payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(l) Financial instruments issued to investors

Financial instruments issued to investors consist of preferred shares and a warrant for purchase of ordinary shares and preferred shares.

(i) Preferred shares

A preferred share is classified as a financial liability if the Company is required to be liquidated upon events beyond its control and the preferred share is not in the most subordinated class of instruments issued by the Company. The financial liability is mandatorily measured at fair value through profit or loss, if any embedded derivative required to be separated cannot be measured reliably; otherwise, the embedded derivatives are measured at fair value through profit or loss and the host debt is initially measured at fair value and subsequently at amortised cost.

(ii) Warrant

During the Relevant Periods, the Company issued a warrant under which the holder has the right to subscribe for the Company's ordinary shares and preferred shares at a predetermined price during a specific period.

A warrant is classified as a financial liability if it will not be settled only by the Company exchanging a fixed number of cash or another financial asset for a fixed number of its own equity instruments. A warrant liability is initially recognised at fair value on the date a warrant contract is entered into and is subsequently re-measured to its fair value at the end of each reporting period. Changes in fair value are recognised in profit or loss.

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(s)).

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture in only due to not achieving vesting conditions that related to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

The grant by the Company of options over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in separate financial statements of the Company.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items directly in equity, in which case the relevant amounts of tax are recognised directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    – the same taxable entity; or

    – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(q) Other income

(i) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(h)(i)).

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are presented in the consolidated statements of financial position by setting up the grant as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

(r) Translation of foreign currencies

Foreign currency transactions during the Relevant Periods are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(s) Borrowing costs

Borrowing costs that directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence. During the Relevant Periods, the Group has only one reportable segment which is engaged in the research and development of drugs.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Research and development expenses

Development expenses incurred on the Group's pipeline are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expense which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the Relevant Periods.

(b) Key Sources of estimation uncertainty

Note 21 and Note 22 contain information about the assumptions and their risk factors relating to financial instruments issued to investors and fair value of equity settled share-based transactions. Other key sources of estimation uncertainty are as follows:

(i) Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(ii) Impairment of intangible assets not ready for commercial use

Intangible assets not ready for commercial use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group obtained in-licenses through acquisition for the purpose of continuing the research and development work and commercialisation of the products, which are classified as intangible assets not ready for commercial use.

An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an intangible asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, each in-license is a cash-generating unit.

4 OTHER INCOME

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Interest income from bank deposits	409	823
Realised gain on wealth management products	–	42
Net gain on termination of leases	–	3,653
Government grants	111	280
	520	4,798

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Interest on bank loans	29	173
Interest on lease liabilities	893	1,216
	922	1,389

(b) Staff costs

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Salaries, wages and other benefits	53,228	87,021
Contributions to defined contribution retirement plan *(i)*	2,644	4,602
Equity settled share-based payment expenses	12,027	26,461
	67,899	118,084

(c) Other items

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Amortization of intangible assets *(Note 11)*	150	1,070
Depreciation charge		
– property, plant and equipment *(Note 10)*	2,551	2,219
– right-of-use assets *(Note 12)*	3,070	3,299
	5,621	5,518
Impairment loss on property, plant and equipment *(Note 10)*	–	807
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Auditors' remuneration *(ii)*	402	3,126
Research and development costs *(iii)*	173,256	313,356
Net foreign exchange loss	989	3,544

(i) The full-time employees of the Group are entitled to various government-sponsored defined-contribution retirement plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

(ii) During the year ended 31 December 2022, the Group recognised auditors' remuneration in respect of [**REDACTED**] of RMB2,686,000, which is also included in the [**REDACTED**] expenses disclosed separately above.

(iii) During the years ended 31 December 2021 and 2022, research and development expenses include staff costs, depreciation and amortisation expenses of RMB46,366,000 and RMB83,468,000 respectively, in which the respective amounts are also disclosed separately above.

6 INCOME TAX

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income:

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(i) The Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Company is currently not subject to income tax.

(ii) Hong Kong

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax has been made for the Relevant Periods as there were no assessable profits during the Relevant Periods.

(iii) The USA

The Company's subsidiary incorporated in the USA is subject to Federal Tax at a rate of 21% and State Profits Tax at a rate of 0.75% – 9.99%. Operations in the USA have incurred net accumulated operating losses for income tax purposes, and no income tax provisions has been made during the Relevant Periods.

(iv) Mainland China

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT"), the Company's PRC subsidiaries are subject to the CIT at a rate of 25%.

According to the new tax incentive policies promulgated by the State Tax Bureau of the PRC in September 2018 and March 2021, effective for the period from 1 January 2018 to 31 December 2023, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Loss before taxation	(748,964)	(781,594)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	(45,111)	(82,035)
Tax effect of non-deductible expenses	17,257	20,734
Tax effect of unused tax losses not recognised	29,534	88,302
Tax effect of deductible temporary differences not recognised	2,639	7,389
Tax effect of super deduction for research and development *(Note 6(a)(iv))*	(4,319)	(34,390)
Actual tax expense	–	–

(c) Deferred tax assets not recognised:

As at 31 December 2021 and 2022, the Group has not recognised deferred tax assets of certain entities in respect of their respective cumulative tax losses and temporary differences of RMB224,949,000 and RMB594,768,000 respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2021	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LU Chris Xiangyang	–	1,625	155	15	1,795	–	1,795
XIE Ling	–	1,279	163	58	1,500	1,520	3,020
LIN Dianhai	–	–	–	–	–	2,845	2,845
WANG Guowei	–	–	–	–	–	–	–
WEI Jun	–	–	–	–	–	–	–
ZHOU Yi (appointed on 30 March 2021)	–	–	–	–	–	–	–
Total	–	2,904	318	73	3,295	4,365	7,660

For the year ended 31 December 2022	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LU Chris Xiangyang	–	1,862	185	65	2,112	–	2,112
XIE Ling	–	1,609	129	65	1,803	4,014	5,817
GU Xiang Ju Justin (appointed on 9 May 2022)	–	1,814	235	65	2,114	2,291	4,405
LIN Dianhai (resigned on 9 May 2022)	–	–	–	–	–	–	–
WANG Guowei	–	–	–	–	–	–	–
WEI Jun (resigned on 28 April 2022)	–	–	–	–	–	–	–
ZHOU Yi (resigned on 28 April 2022)	–	–	–	–	–	–	–
JI Dongmei (appointed on 28 April 2022)	–	–	–	–	–	–	–
SUN Yuan (appointed on 28 April 2022)	–	–	–	–	–	–	–
Total	–	5,285	549	195	6,029	6,305	12,334

During the years ended 31 December 2021 and 2022, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 8 below as an inducement to join or upon joining the Group or as a compensation for loss of office.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended 31 December 2021 and 2022, of the five individuals with the highest emoluments, two and two are directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other three and three individuals are as follows:

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Salaries and other emoluments	5,883	7,846
Discretionary bonuses	700	1,165
Retirement scheme contributions	105	188
Share-based payments	3,562	5,089
	10,250	14,288

During the years ended 31 December 2021 and 2022, the emoluments of the three and three individuals with the highest emoluments are within the following bands:

	Years ended 31 December	
	2021	**2022**
	Number of individuals	*Number of individuals*
Nil – HKD1,000,000	–	–
HKD1,000,001 – HKD1,500,000	–	–
HKD1,500,001 – HKD2,000,000	–	–
HKD2,000,001 – HKD2,500,000	–	–
HKD2,500,001 – HKD3,000,000	–	–
HKD3,000,001 – HKD3,500,000	1	–
HKD3,500,001 – HKD4,000,000	–	–
HKD4,000,001 – HKD4,500,000	1	–
HKD4,500,001 – HKD5,000,000	1	–
HKD5,000,001 – HKD5,500,000	–	1
HKD5,500,001 – HKD6,000,000	–	2
	3	3

9 LOSS PER SHARE

The calculation of the basic and diluted loss per share during the Relevant Periods is based on the loss attributable to equity shareholders of the Company divided by the weighted average number of shares, calculated as follows:

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Loss of the year attributable to equity shareholders of the Company	(748,964)	(781,594)

	Years ended 31 December	
	2021	**2022**
	'000	*'000*
Issued ordinary shares	5,942	5,942
Effect of an issued warrant *(Note 21(b))*	1,167	1,167
Effect of share options exercised *(Note 23(c))*	–	563
Weighted average number of shares for the purposes of basic loss per share	7,109	7,672

The calculation of diluted loss per share for the years ended 31 December 2021 and 2022 has not included the potential effects of the deemed conversion of the preferred shares and share options issued by the Company, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2021 and 2022 are the same as basic loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Laboratory equipment	**Office and other equipment**	**Leasehold improvement**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2021	2,645	422	5,203	–	8,270
Additions	2,314	809	–	807	3,930
At 31 December 2021 and 1 January 2022	4,959	1,231	5,203	807	12,200
Additions	2,318	215	–	–	2,533
Exchange adjustments	–	7	–	–	7
Disposal	–	(7)	–	–	(7)
At 31 December 2022	7,277	1,446	5,203	807	14,733
Accumulated depreciation:					
At 1 January 2021	(943)	(188)	(2,750)	–	(3,881)
Charge for the year	(636)	(183)	(1,732)	–	(2,551)
At 31 December 2021 and 1 January 2022	(1,579)	(371)	(4,482)	–	(6,432)
Charge for the year	(1,166)	(332)	(721)	–	(2,219)
Impairment loss	–	–	–	(807)	(807)
Exchange adjustments	–	(2)	–	–	(2)
At 31 December 2022	(2,745)	(705)	(5,203)	(807)	(9,460)
Net book value:					
At 31 December 2021	3,380	860	721	807	5,768
At 31 December 2022	4,532	741	–	–	5,273

11 INTANGIBLE ASSETS

The Group	**In-licensed rights** *RMB'000*	**Software** *RMB'000*	**Total** *RMB'000*
Cost:			
At 1 January 2021	111,204	–	111,204
Additions	–	1,804	1,804
Exchange adjustments	(2,543)	–	(2,543)
At 31 December 2021 and 1 January 2022	108,661	1,804	110,465
Additions	–	4,349	4,349
Exchange adjustments	10,037	–	10,037
At 31 December 2022	118,698	6,153	124,851
Accumulated amortisation:			
1 January 2021	–	–	–
Charge for the year	–	(150)	(150)
At 31 December 2021 and 1 January 2022	–	(150)	(150)
Charge for the year	–	(1,070)	(1,070)
At 31 December 2022	–	(1,220)	(1,220)
Net book value:			
At 31 December 2021	**108,661**	**1,654**	**110,315**
At 31 December 2022	**118,698**	**4,933**	**123,631**

The Company	**In-licensed rights** *RMB'000*
Cost:	
At 1 January 2021	111,204
Exchange adjustments	(2,543)
At 31 December 2021 and 1 January 2022	108,661
Exchange adjustments	10,037
At 31 December 2022	118,698
Accumulated amortisation:	
At 31 December 2021 and 31 December 2022	–
Net book value:	
At 31 December 2021	**108,661**
At 31 December 2022	**118,698**

(a) In-licensed rights

The balance of in-licensed rights represents payments made to acquire development and commercialization rights of drug products from third parties and are not available for commercial use. Due to the inherent uncertainties in the research and development processes, these assets are particularly at risk of impairment if the project is not expected to result in a commercialised product. Key terms of these licenses are set out below:

(i) LAE001

On 30 June 2017, the Group entered into a license agreement with Novartis Pharma AG ("Novartis"), pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the licensed product LAE001 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD1 million (equivalent to RMB6.6 million) and granted 776,437 ordinary shares of the Company to Novartis. The Group capitalised a total amount of USD1.8 million (equivalent to RMB12.2 million) which was equal to the cash payment and the fair value of the shares as at the grant date. The fair value of shares as at the grant date was determined by an independent qualified professional valuer. The Group also agreed to make regulatory milestone payment, as well as royalty payment on net sales to Novartis.

(ii) LAE002 & LAE003

On 9 May 2018, the Group entered into a license agreement with Novartis, pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the licensed products LAE002 and LAE003 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD5 million (equivalent to RMB31.9 million) and granted 165,200 ordinary shares of the Company to Novartis. The Group capitalised a total amount of USD5.2 million (equivalent to RMB33.5 million) which was equal to the cash payment and the fair value of the shares as at the grant date. The fair value of shares as at the grant date was determined by an independent qualified professional valuer. The Group also agreed to make regulatory milestone payments, sales milestone payment, as well as royalty payment on net sales to Novartis.

(iii) LAE005

On 4 February 2020, the Group entered into a license agreement with Novartis, pursuant to which Novartis granted the Group an exclusive license to develop, manufacture and commercialise the products LAE005 world widely.

Under the terms of the agreement, the Group made an one-time and non-refundable upfront payment of USD10 million (equivalent to RMB69.4 million) to Novartis and capitalised such payment. The Group also agreed to make regulatory milestone payments, sales milestone payment, as well as royalty payment on net sales to Novartis.

(iv) Impairment test

Intangible assets not yet ready for commercial use are tested annually based on the recoverable amount of the cash-generating unit ("CGU") to which the intangible asset is related. The appropriate CGU is at the product level. The annual impairment test was performed for each drug by engaging an independent appraiser to estimate fair value less costs of disposal as the recoverable amount of each drug. The fair value is based on the multi-period excessive earning method and the Group estimated the forecast period till year 2035 for each drug based on the timing of clinical development and regulatory approval, commercial ramp up to reach expected peak revenue potential, and the length of exclusivity for each product. The estimated revenue of each drug is based on management's expectations of timing of commercialization. The costs and operating expenses are estimated as a percentage over the revenue forecast period based on the current margin levels of comparable companies with adjustments made to reflect the expected future price changes. The discount rates used are post-tax and reflect the general business and market risk of the Group. The discount rates are derived from capital asset pricing model by taking applicable market data into account, such as risk free rate, market premium, beta, company specific risk and size premium, etc. After considering all the inputs, the discount rates derived at each reporting date were 18% during the Relevant Periods.

The key assumptions used for recoverable amount calculations as at 31 December 2021 and 2022 are as follows:

	As at 31 December	
	2021	**2022**
LAE001		
Discount rate	18%	18%
Revenue growth rate	-14% to 373%	-14% to 379%
Recoverable amount of CGU (in RMB million)	501.5	573.6
LAE002 & LAE003		
Discount rate	18%	18%
Revenue growth rate	-7% to 486%	-7% to 456%
Recoverable amount of CGU (in RMB million)	1,035.9	1,252.1
LAE005		
Discount rate	18%	18%
Revenue growth rate	-18% to 24%	-18% to 24%
Recoverable amount of CGU (in RMB million)	221.1	252.4

Based on the result of the above assessment, there were no impairment for the intangible assets as at 31 December 2021 and 2022.

Impairment test – sensitivity

The Group has performed sensitivity tests by increasing 1% of the discount rate or decreasing 1% of the revenue growth rate, which are the key assumptions for determining the recoverable amount of the intangible asset, with all other variables held constant. The impacts on the amount by which the intangible asset's recoverable amount above its carrying amount (headroom) are as below:

	As at 31 December	
	2021	**2022**
LAE001		
Carrying amount	11.5	12.1
Headroom	490.0	561.5
Impact by increasing discount rate	(41.7)	(57.3)
Impact by decreasing revenue growth rate	(25.6)	(38.1)
LAE002 & LAE003		
Carrying amount	33.4	36.9
Headroom	1,002.5	1,215.2
Impact by increasing discount rate	(86.6)	(118.6)
Impact by decreasing revenue growth rate	(60.4)	(89.8)
LAE005		
Carrying amount	63.8	69.7
Headroom	157.3	182.7
Impact by increasing discount rate	(18.0)	(21.1)
Impact by decreasing revenue growth rate	(8.7)	(13.8)

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key assumptions on which management has based its determination of each intangible asset's recoverable amount would not cause its carrying amount to exceed its recoverable amount.

12 RIGHT-OF-USE ASSETS

The Group has obtained the right to use certain office buildings through tenancy agreements during the Relevant Periods. The leases typically run for an initial period from 3-10 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Office Building
	RMB'000
At 1 January 2021	16,564
Additions	10,417
Charge for the year	(3,070)
At 31 December 2021 and 1 January 2022	23,911
Additions	
Charge for the year	(3,299)
Termination of leases	(12,366)
At 31 December 2022	8,246

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset – properties leased for own use	3,070	3,299
Interest on lease liabilities *(Note 5(a))*	893	1,216
Expense relating to short-term leases	1,292	2,466
COVID-19-related rent concessions	–	(950)

The total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 16(d) and Note 19, respectively.

13 INVESTMENTS IN SUBSIDIARIES

The carrying amount of interest in subsidiaries is listed below:

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Unlisted, at cost		
Laekna LLC	3,236	7,059
Laekna HK	21,518	773,470
	24,754	780,529

Details of the subsidiaries are set forth in Note 1.

14 OTHER NON-CURRENT ASSETS

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Value-add tax recoverable	4,961	3,251
Prepayments for equipment	3,660	4,110
Long-term rental deposits	1,236	615
Others	97	107
	9,954	8,083

As at 31 December 2021 and 2022, value-added tax recoverable amounting to RMB4,961,000 and RMB3,251,000 respectively were recognised as other non-current assets as they are expected to be deducted from future value-added tax payables arising on the Group's revenue which are not expected to be generated within the next 12 months from the end of each of the reporting period.

15 PREPAYMENTS AND OTHER RECEIVABLES

The Group	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Current:		
Prepayments to suppliers	11,336	4,267
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Other debtors and deposits	1,149	1,514
	12,485	11,561

The Company	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Current:		
Prepayments to suppliers	35	202
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
	35	5,352
Non-current:		
Amounts due from subsidiaries	424,502	41,969

All of the current prepayments and other receivables are expected to be recovered or recognised as expense within one year.

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Cash at banks	296,412	267,333
Deposits with banks	–	55,737
	296,412	323,070

The Company	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Cash at banks	234,425	248,985

As at 31 December 2021 and 2022, cash and cash equivalents of the Group held in banks and financial institutions in the PRC amounted to RMB60,271,000 and RMB63,180,000, respectively. The remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of loss before taxation to cash used in operations:

		Years ended 31 December	
	Note	**2021**	**2022**
		RMB'000	*RMB'000*
Loss before taxation		(748,964)	(781,594)
Adjustments for:			
Depreciation of property, plant and equipment	*10*	2,551	2,219
Impairment loss on property, plant and equipment	*10*	–	807
Amortisation of intangible assets	*11*	150	1,070
Amortisation of other non-current assets		55	79
Depreciation of right-of-use assets	*12*	3,070	3,299
Equity settled share-based payments	*22*	12,027	26,461
Realised gain on wealth management products	*4*	–	(42)
Interest income from bank deposits	*4*	(409)	(823)
Finance costs	*5(a)*	922	1,389
Net loss on disposal of property, plant and equipment		–	7
Net gain on termination of leases	*4*	–	(3,653)
COVID-19-related rent concessions	*12*	–	(950)
Fair value changes on financial instruments issued to investors	*21*	522,432	387,056
Operating loss before changes in working capital		(208,166)	(364,675)
Changes in working capital:			
(Increase)/decrease in operating receivables		(11,762)	2,544
Increase in operating payables		21,921	55,848
Cash used in operations		(198,007)	(306,283)

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loans	Lease liabilities	Financial instruments issued to investors	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 17)	*(Note 19)*	*(Note 21)*	
At 1 January 2021	–	16,628	595,708	612,336
Changes from financing cash flows:				
Proceeds from a bank loan	2,000	–	–	2,000
Payment for capital element of lease liabilities	–	(1,202)	–	(1,202)
Payment for interest element of lease liabilities	–	(893)	–	(893)
Proceeds from issuance of preferred shares	–	–	412,538	412,538
Interest paid	(29)	–	–	(29)
Total changes from financing cash flows	1,971	(2,095)	412,538	412,414
Exchange adjustments	–	–	(30,138)	(30,138)
Other changes:				
Interest expenses *(Note 5(a))*	29	893	–	922
Increase in lease liabilities from entering into new leases during the year	–	10,417	–	10,417
Fair value changes on financial instruments issued to investors	–	–	522,432	522,432
At 31 December 2021 and 1 January 2022	2,000	25,843	1,500,540	1,528,383
Changes from financing cash flows:				
Proceeds from bank loans	19,650	–	–	19,650
Repayment of a bank loan	(2,000)	–	–	(2,000)
Payment for capital element of lease liabilities	–	(511)	–	(511)
Payment for interest element of lease liabilities	–	(439)	–	(439)
Proceeds from the issuance of preferred shares	–	–	301,028	301,028
Interest paid	(173)	–	–	(173)
Total changes from financing cash flows	17,477	(950)	301,028	317,555
Exchange adjustments	–	–	170,422	170,422

	Bank loans	Lease liabilities	Financial instruments issued to investors	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 17)	*(Note 19)*	*(Note 21)*	
Other changes:				
Bank loans arising from supplier finance arrangements *(Note 17)*	132	–	–	132
COVID-19-related rent concessions *(Note 12)*	–	(950)	–	(950)
Interest expenses *(Note 5(a))*	173	1,216	–	1,389
Fair value changes on financial instruments issued to investors	–	–	387,056	387,056
Termination of leases	–	(16,640)	–	(16,640)
Shares issued upon exercise of the warrant	–	–	(81,765)	(81,765)
At 31 December 2022	19,782	8,519	2,277,281	2,305,582

(d) Total cash outflow for leases

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Within operating cash flows	1,421	2,841
Within financing cash flows	2,095	950
	3,516	3,791

17 BANK LOANS

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Unsecured bank loans due within 1 year	2,000	19,782

During the year ended 31 December 2021, the Group entered into a loan agreement with China Merchants Bank, with the principal amount of RMB2,000,000 and bearing an interest rate of 4.46% per annum. On 5 January 2022, the bank loan was fully repaid.

During the year ended 31 December 2022, the Group further entered into loan agreements with China Merchants Bank, with the principal amount of RMB19,650,000 and bearing an interest rate of 4.35% per annum. The Group also entered into supplier finance arrangement with China Merchants Bank, under which the Group obtained credit in respect of the amounts due to certain suppliers. Under this arrangement, the bank pays suppliers the amounts owned by the Group on the original due dates, and then the Group settles the bank 6 months later than the original due dates with the suppliers, with an interest rate of 2.75% per annum. In the consolidated statements of financial position, the Group has presented payables to the bank under this arrangement as "Bank loans", having compared the nature and function of such liabilities with trade payables to suppliers. In the consolidated statements of cash flows, payments to the banks are included within financing cash flows based on the nature of this arrangement, and payments to the suppliers by the bank amounting to RMB132,000 (2021: Nil) are non-cash transactions.

18 Other payables

The Group

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Payroll payables	5,883	14,700
Accrued research and development expenses	29,979	51,595
Other payables and accrued charges	2,269	9,573
	38,131	75,868

The Company

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Accrued research and development expenses	291	234
Other payables and accrued charges	101	3,587
	392	3,821

All of the other payables are expected to be settled within one year or repayable on demand.

19 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each of the Relevant Periods.

	As at 31 December 2021		As at 31 December 2022	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,859	1,900	1,859	1,900
After 1 year but within 2 years	3,847	4,134	1,828	1,961
After 2 year but within 5 years	11,329	13,406	4,832	5,659
After 5 years	8,808	12,153	–	–
	23,984	29,693	6,660	7,620
	25,843	31,593	8,519	9,520
Less: total future interest expenses		(5,750)		(1,001)
Present value of lease liabilities		25,843		8,519

20 DEFERRED INCOME

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
At the beginning of the year	–	3,500
Government grants received	3,500	–
At the end of the year	3,500	3,500

21 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

The Group and the Company	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Preferred shares	1,402,111	2,277,281
Warrant	98,429	–
	1,500,540	2,277,281

(a) Preferred shares

On 11 May 2018, the Company issued 3,986,840 series A preferred shares with a par value of US$0.0001 each ("Series A Preferred Shares") to a Series A investor for a cash consideration of USD12,500,000.

On 8 November 2019, the Company issued 1,691,367 series Seed preferred shares with a par value of US$0.0001 each ("Series Seed Preferred Shares") to a Series Seed investor for a cash consideration of USD4,787,000.

On 16 August 2019 and 21 February 2020, the Company issued 4,542,984 series B preferred shares with a par value of US$0.0001 each ("Series B Preferred Shares") to Series B investors for a total cash consideration of USD27,500,000.

On 28 October 2020 and 30 March 2021, the Company issued 6,858,071 series C preferred shares with a par value of US$0.0001 each ("Series C Preferred Shares") to Series C investors for a total cash consideration of USD61,000,000.

On 4 October 2021, 19 November 2021 and 28 April 2022, the Company issued 3,866,186 series D preferred shares with a par value of US$0.0001 each ("Series D Preferred Shares") to Series D investors for a total cash consideration of USD61,000,000.

The key terms of Series Seed Preferred Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares (collectively, the "Preferred Shares") are summarised as follows:

Dividends

The Preferred Shares, except for the Series Seed Preferred Shares, shall be entitled to receive non-cumulative dividends at the rate of 8% of the original issue price per annum if declared by the Board.

Redemption rights

The Preferred Shares, except for the Series Seed Preferred Shares and the Series A Preferred Shares, shall be redeemable by the Company if a qualified [**REDACTED**] ("[**REDACTED**]") has not occurred on or prior to 30 June 2025, at a price equal to the applicable issue price per share plus a simple interest of 8% per annum and minus all paid dividends thereon.

For the Series A Preferred Shares, two third or any lesser portion of the shares shall be redeemable by the Company after 11 May 2024; any remaining shares shall be redeemable after 11 May 2025. The redemption price will be original issue price plus a simple interest of 8% per annum and all declared but unpaid dividends thereon.

Conversion rights

The Preferred Shares are convertible into such number of fully paid ordinary shares at any time after the date of issuance of such shares, or are automatically converted upon the closing of a qualified [**REDACTED**]. The initial conversation ratio is 1:1, and the conversion ratio is subject to adjustments (including but not limited to dividends, share splits and combinations, capital reorganization or reclassification).

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution shall be distributed to the shareholders of the Company in the sequence as follows: Series D Preferred Shares, Series C Preferred Shares, Series B Preferred Shares, Series A Preferred Shares, Series Seeds Preferred Shares and ordinary shares.

In the event of Trade Sale (as defined below) of the Company, the Trade Sale shall be deemed to be a liquidation, dissolution or winding up of the Company, and any proceeds resulting from the Trade Sale shall be distributed in accordance with the terms stated above.

"Trade Sale" refer an event involving (i) any merger, consolidation, amalgamation, scheme of arrangement or share sale involving the Company with or into any other person or other reorganisation in which the shareholders of the Company immediately prior to such merge, consolidation, amalgamation, scheme of arrangement or reorganisation own less than 50% of the Company's voting power in the aggregate immediately after such event; (ii) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of the Group; or (iii) the exclusive licensing of all or substantially all of the Group's intellectual properties to a third party.

Presentation and classification

In accordance with the Group's accounting policy set out in Note 2(l)(i), the Preferred Shares are initially recognised at fair value on the date of issuance and are subsequently re-measured to their fair value at the end of each reporting period. The Company has engaged an independent qualified professional valuer to determine the fair value of the Preferred Shares, and the movements during the Relevant Periods are set out below:

The Group and the Company	**Preferred Shares**
	RMB'000
As at 1 January 2021	543,547
Issuance of Preferred Shares	412,538
Fair value changes	474,394
Exchange adjustments	(28,368)
As at 31 December 2021 and 1 January 2022	1,402,111
Issuance of Preferred Shares	326,006
Fair value changes	378,308
Exchange adjustments	170,856
As at 31 December 2022	2,277,281

(b) Warrant

On 31 January 2019, the Company entered into a warrant agreement (the "Warrant Agreement") with an individual investor pursuant to which the Company issued a warrant to the investor for a cash consideration of RMB11,728,000. Pursuant to the Warrant Agreement, the holder may exercise the warrant to purchase 1,166,525 ordinary shares and 338,273 Series Seed Preferred Shares for nil consideration on or before the 90th day after the board of the Company approves to initiate an [**REDACTED**] of the Company's shares.

On 31 March 2022, the warrant was exercised. Accordingly, the Company issued 1,166,525 ordinary shares and 338,273 Series Seed Preferred Shares to the investor.

In accordance with the Group's accounting policy set out in Note 2(l)(ii), the warrant is initially recognised at fair value on the date of issuance and is subsequently re-measured to the fair value at the end of each reporting period. The Company has engaged an independent qualified professional valuer to determine the fair value of the warrant, and the movements during the Relevant Periods are set out below:

The Group and the Company	**Warrant**
	RMB'000
As at 1 January 2021	52,161
Fair value changes	48,038
Exchange adjustments	(1,770)
As at 31 December 2021 and 1 January 2022	98,429
Fair value changes	8,748
Exchange adjustments	(434)
Exercise of the Warrant	(106,743)
As at 31 December 2022	–

22 EQUITY SETTLED SHARE-BASED PAYMENT

The Company adopted an employee share option scheme ("[**REDACTED**] Share Option Scheme") on 11 April 2018 (which was subsequently amended on 30 October 2019, 20 April 2021 and 31 March 2022), pursuant to which, 4,245,352 ordinary shares of the Company are authorised for issuance of share options to employees, directors, and advisors of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	**Contractual life of options**
Options granted to directors	853,275	10 years
Options granted to employees	2,075,800	10 years
Options granted to advisors	25,250	10 years
Total share options granted	2,954,325	

Unless otherwise approved by the Board of Directors, the Company adopted three vesting conditions for the above share options granted:

(i) 20% of the share options are expected to vest after twelve months of the grant date, and the remaining are expected to vest ratably over the following sixteen quarters;

(ii) 40% of the share options are expected to vest after twenty-four months of the grant date, and the remaining are expected to vest ratably over the following twelve quarters; or

(iii) 100% of the share options are expected to vest upon the grant date.

(b) The movement of the number of share options are as follows:

	Years ended 31 December	
	2021	**2022**
	'000	*'000*
Outstanding at the beginning of the year	2,270	3,376
Granted during the year	1,410	433
Exercised during the year	–	(833)
Forfeited during the year	(304)	(22)
Outstanding at the end of the year	3,376	2,954
Exercisable at the end of the year	–	–

All the share options granted are exercisable upon vesting and after the occurrence of an [**REDACTED**] of the Company's shares, unless otherwise approved by the Board of Directors, and will expire on or before the latter of (1) the third anniversary after the aforementioned occurrence of [**REDACTED**], and (2) the tenth anniversary after the granting date. As at 31 December 2021 and 2022, the weighted average remaining contractual life for the share options granted was 8.0 and 7.5 years respectively.

(c) Key assumptions of share options

	Years ended 31 December	
	2021	**2022**
Expected volatility	41.03%~42.03%	43.00% ~ 43.47%
Expected dividends yield	0%	0%
Risk-free interest rate	0.94%~1.66%	3.03% ~ 3.98%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each year are set out below:

	Note	**Share capital**	**Share premium**	**Capital reserve**	**Exchange reserve**	**Accumulated losses**	**Total deficit**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2021		4	–	20,908	11,547	(229,049)	(196,590)
Changes in equity for 2021:							
Total comprehensive income for the year		–	–	–	10,781	(534,773)	(523,992)
Equity settled share-based payments	*22*	–	–	12,027	–	–	12,027

	Note	**Share capital** *RMB'000*	**Share premium** *RMB'000*	**Capital reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total deficit** *RMB'000*
Balance at 31 December 2021 and 1 January 2022		4	–	32,935	22,328	(763,822)	(708,555)
Changes in equity for 2022:							
Total comprehensive income for the year		–	–	–	(71,656)	(413,638)	(485,294)
Equity settled share-based payments	22	–	–	26,461	–	–	26,461
Shares issued upon exercise of the warrant		1	81,764	–	–	–	81,765
Shares issued under share option scheme		–*	11,443	(11,389)	–	–	54
Balance at 31 December 2022		5	93,207	48,007	(49,328)	(1,177,460)	(1,085,569)

* The balance represents an amount less than RMB1,000.

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Relevant Periods.

(c) Share capital

The Company was incorporated in the Cayman Islands with authorised share capital of USD50,000 divided into 500,000,000 shares with par value of USD0.0001 each.

As at 31 December 2022 the authorised share capital of the Company was USD50,000 divided into (i) 472,582,465 ordinary shares with par value of USD0.0001 each and (ii) 27,417,535 preferred shares with par value of USD0.0001 each.

	No. of shares *'000*	**Nominal value of shares** *RMB'000*
Ordinary shares, issued and fully paid:		
At 1 January 2021 and 31 December 2021	5,942	4
Shares issued under share option scheme *(i)*	833	–*
Shares issued upon exercise of the warrant *(ii)*	1,167	1
At 31 December 2022	7,942	5

* The balance represents an amount less than RMB1,000.

(i) Approved by the Board of Directors on 20 January 2022, 833,475 vested share options are early exercised before the occurrence of the [**REDACTED**]. Accordingly, on 28 April 2022, the Company issued 833,475 ordinary shares with a par value of US$0.0001 to the relevant employees.

(ii) On 31 March 2022, the warrant was exercised. Accordingly, the Company issued 1,166,525 ordinary shares with a par value of US$0.0001 to the holder of the warrant.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands.

(ii) Capital reserve

The capital reserve primarily comprises the fair value of the actual or estimated number of unexercised share options granted to directors, employees and advisors of the Group in accordance with the accounting policy adopted for share-based payments in Note 2(n)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(r).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintaining a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and lease liabilities but excludes financial instruments issued to investors) less cash and cash equivalents. Adjusted capital comprises all components of equity and financial instruments issued to investors.

The Group's adjusted net debt-to-capital ratio as at 31 December 2021 and 2022 are as follows:

		As at 31 December	
	Note	**2021**	**2022**
		RMB'000	*RMB'000*
Current liabilities:			
– Bank loans	*17*	2,000	19,782
– Lease liabilities	*19*	1,859	1,859
		3,859	21,641
Non-current liabilities:			
– Lease liabilities	*19*	23,984	6,660
Total debt		27,843	28,301
Less: Cash and cash equivalents	*16*	(296,412)	(323,070)
Adjusted net debt		(268,569)	(294,769)
Total deficit		(1,111,169)	(1,905,086)
Add: Financial instruments issued to investors	*21*	1,500,540	2,277,281
Adjusted capital		389,371	372,195
Adjusted net debt-to-capital ratio		N/A	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposures to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable banks, which the Group considered to have low credit risks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Management has assessed that during the Relevant Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	2,032	–	–	–	2,032	2,000
Other payables	38,131	–	–	–	38,131	38,131
Lease liabilities	1,900	4,134	13,406	12,153	31,593	25,843
Preferred shares	–	37,197	1,007,292	–	1,044,489	1,402,111
	42,063	41,331	1,020,698	12,153	1,116,245	1,468,085

	As at 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	19,975	–	–	–	19,975	19,782
Other payables	75,868	–	–	–	75,868	75,868
Lease liabilities	1,900	1,961	5,659	–	9,520	8,519
Preferred shares	–	85,922	1,495,124	–	1,581,046	2,277,281
	97,743	87,883	1,500,783	–	1,686,409	2,381,450

(c) Interest rate risk

Interest rate risk if the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, bank loans and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

(d) Currency risk

The Group is exposed to currency risk primarily through different functional currencies in different subsidiaries which give rise to cash and bank balances and other payables that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily USD.

(i) Exposure to currency risk

The following table details the Group's exposure as at 31 December 2021 and 2022 to currency risk arising from the recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB translated using the spot rate of the end of each reporting period. Differences resulting from the translation of the financial statements of the Group's subsidiaries with functional currency other than RMB into the Group's presentation currency are excluded.

	As at 31 December	
	2021	**2022**
	USD	*USD*
	RMB'000	*RMB'000*
Cash and cash equivalents	18,183	527
Other payables	(23)	(7)
Overall net exposure	18,160	520

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 December 2021		**As at 31 December 2022**	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses**	**Increase/ (decrease) in foreign exchange rates**	**Effect on loss after tax and accumulated losses**
	%	*RMB'000*	*%*	*RMB'000*
USD	10%	(1,816)	10%	(52)
	-10%	1,816	-10%	52

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' losses after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of each reporting period. The analysis is performed on the same basis during the Relevant Periods.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has engaged an external valuer to perform valuations for the financial instruments, including but limited to warrant and preferred shares. A valuation report with analysis of changes in fair value measurement is prepared by the external valuer at each reporting date, and is reviewed and approved by the Group's management.

		Fair value measurements as at 31 December 2021 categorised into		
	Fair value at 31-Dec 2021 *RMB'000*	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*
Recurring fair value measurement				
Financial instruments issued to investors				
– Preferred shares	1,402,111	–	–	1,402,111
– Warrant	98,429	–	–	98,429

		Fair value measurements as at 31 December 2022 categorised into		
	Fair value at 31-Dec 2022 *RMB'000*	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*
Recurring fair value measurement				
Financial instruments issued to investors				
– Preferred shares	2,277,281	–	–	2,277,281

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

The preferred shares and warrant were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer which has appropriate qualifications and experience in valuation of similar instruments. The Company used the back-solve method and income approach to determine the underlying share value of the Company and performed an equity allocation based on a hybrid method of Binomial Option Pricing model ("OPM model") and Probability Weighted Expected Return method ("PWERM method") to arrive the fair value of the preferred shares and warrant as at the dates of issuance and at the end of each reporting period. Key valuation assumption used to determine the fair value of these financial instruments issued to investors as follows:

	As at 31 December	
	2021	**2022**
Risk-free interest rate	1.06%	4.32%
Volatility	40.50%	45.54%

As at 31 December 2021, increasing/decreasing expected volatility by 5% would decrease/increase the fair value of financial instruments by RMB986,000 and RMB331,000 respectively, and increasing/decreasing risk free rate by 1% would decrease/increase the fair value by RMB2,697,000 and RMB2,781,000 respectively.

As at 31 December 2022, increasing/decreasing expected volatility by 5% would decrease/increase the fair value of financial instruments by RMB149,000 and RMB594,000 respectively, and increasing/decreasing risk free rate by 1% would decrease/increase the fair value by RMB2,717,000 and RMB2,788,000 respectively.

(ii) Fair values of financial assets and liabilities carried at other than fair value

All financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2021 and 2022.

25 COMMITMENT

Commitments outstanding at the end of each of the reporting period not provided for in the Historical Financial Information were as follows:

	As at 31 December	
	2021	**2022**
Contracted for	11,173	10,723
Authorised but not contracted for	47,527	43,551
	58,700	54,274

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	Years ended 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
Salaries and other benefits	8,508	10,179
Discretionary bonuses	773	802
Equity-settled share-based payment expenses	7,883	10,159
	17,164	21,140

(b) Other transactions with related parties

Except for the disclosure in Note 26(a), the Group did not enter into other material related party transactions during the Relevant Periods.

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2021 and 2022, the directors consider that the Group has no immediate and ultimate controlling party.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

As at the date of this report, the IASB has issued a number of new or amended standards which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
IFRS 17, *Insurance Contracts*	1 January 2023
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint venture*	No mandatory effective date yet determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

29 SUBSEQUENT EVENTS

No significant subsequent events have occurred since 31 December 2022.

Subsequent financial statements

No audited financial statements have been prepared by the Company and any of its subsidiaries in respect of any period subsequent to 31 December 2022.