You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix IA to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a science-driven biotechnology company dedicated to the development of immuno-oncology therapies. We are one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems for the treatment of cancer. We have developed a pipeline of 14 drug candidates with eight ongoing clinical programs, featured by a comprehensive innate-immunity-based asset portfolio. Our pipeline reflects our extensive understanding into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into drug candidates.

Emulating the "Quality-by-Design (QbD)" concept that is intended to improve drug product quality by using analytical and risk-management methodologies, we created the "Drug-by-Design (DbD)" concept that emphasizes the fundamental role of molecule design rationale in the process of large molecule drug development. Strictly adhering to the "DbD" concept and leveraging our R&D platform, we have designed and developed a rich pipeline that aims to unlock not only the full power of the largely untapped innate immune system, but also the synergistic potential of harnessing the innate and adaptive immune systems at the same time. For more information on our drug candidates, see the section headed "Business."

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have not been profitable and have incurred operating losses during the Track Record Period. In 2021, 2022 and the four months ended April 30, 2023, we had total comprehensive expenses of RMB732.9 million, RMB402.8 million and RMB111.8 million, respectively. Our total comprehensive expenses mainly resulted from research and development expenses, administrative expenses, as well as loss from changes in fair value of financial liabilities at FVTPL. Our adjusted net loss (non-IFRS measure) was RMB182.5 million, RMB225.8 million and RMB71.3 million in 2021, 2022 and the four months ended April 30, 2023, respectively. We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses. For more information about our adjusted net loss (non-IFRS measure), see "— Non-IFRS Measure."

We expect to incur an increased amount of operating expenses for the next several years as we further our preclinical research, continue the clinical development of, seek regulatory approval for and manufacture, our drug candidates, launch our pipeline products, and add personnel necessary to operate our business. Subsequent to the **[REDACTED]**, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, timeline and terms of potential collaboration with our partners, regulatory approval timeline and commercialization of our drug candidates.

BASIS OF PREPARATION

The historical financial information has been prepared based on the accounting policies set out in note 4 to the Accountants' Report contained in the Appendix IA to this document which conform with the International Financial Reporting Standards, or IFRSs, issued by International Accounting Standards Board, or IASB. All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Period.

MATERIAL ACCOUNTING POLICIES INFORMATION AND ESTIMATES

Material Accounting Policies Information

The historical financial information has been prepared in accordance with the following accounting policies which confirm with IFRSs issued by the IASB. For the purpose of preparation and presentation of the historical financial information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the historical financial information includes the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Our most critical accounting policies are summarized below. See note 4 to the Accountants' Report set out in Appendix IA to this document for a full description of our significant accounting policies.

Revenue from Contracts with Customers

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

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a license that is distinct from other promised goods or services, control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we perform;

- our performance creates or enhances an asset that the customer controls as we perform; or

- our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

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

For granting of a license that is distinct from other promised goods or services, the nature of our promise in granting a license is a promise to provide a right to access our intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that we will undertake activities that significantly affect the intellectual property to which the customer has rights;

- the rights granted by the license directly expose the customer to any positive or negative effects of our activities; and

- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, we account for the promise to grant a license as a performance obligation satisfied over time. Otherwise, we consider the grant of license as providing the customers the right to use our intellectual property and the performance obligation is satisfied at a point in time at which the license is granted.

A contract asset represents our right to consideration in exchange for goods or services that we have transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 *Financial Instruments*. In contrast, a receivable represents our unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration, we estimate the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which we will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, we update the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, we shall recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application of IFRS 16, we assess whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Lease liabilities

At the commencement date of a lease, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if we are reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects us exercising the option to terminate the lease.

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

We remeasure lease liabilities (and make a corresponding adjustment to the related right-of-use assets) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

We present lease liabilities as a separate line item on the consolidated statements of financial position.

Government Grants

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

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

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

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties, including leasehold improvement, in the course of construction for production, supply or administrative purposes are carried at cost which includes professional fees, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with our accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

Financial Liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade payables, other payables and borrowings are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, we currently have a legally enforceable right to set off the recognized amounts; and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of our accounting policies, which are described in note 4 to the Accountants' Report set out in Appendix IA to this document, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Our most critical accounting judgments and key sources of estimation uncertainty are summarized below. See note 5 to the Accountants' Report set out in Appendix IA to this document for a full description of our critical accounting judgments and key sources of estimation uncertainty.

Research and Development Expenses

Development expenses incurred on our drug product pipelines are capitalized and deferred only when we could demonstrate (i) the technical feasibility of completing the development of the relevant intangible asset so that it will be available for use or sale; (ii) our intention to complete and our ability to use or sell the asset; (iii) how the asset will generate future economic benefits; (iv) the availability of resources to complete the pipeline; and (v) the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, all research and development expenses are expensed when incurred.

Fair Value of Financial Liabilities Measured at FVTPL

We have issued series of shares to certain investors during the Track Record Period as set out in note 27 to the Accountants' Report set out in the Appendix IA to this document. We accounted for these financial instruments as financial liabilities at FVTPL. The fair value of these financial instruments is determined using valuation techniques, namely back-solve method and equity allocation model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as possibilities under different scenarios such as liquidation event which require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL which may be charged into the profit or loss of the financial statements. As of December 31, 2021, December 31, 2022 and April 30, 2023, the carrying amounts of financial liabilities at FVTPL were RMB2,431.6 million, nil and nil, respectively, as disclosed in note 27 to the Accountants' Report set out in the Appendix IA to this document. We no longer recognized such liabilities since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same date.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Development and Commercialization of Our Drug Candidates

Our business and results of operations will be dependent on our receipt of regulatory approval for and successful commercialization of our drug candidates. As of the Latest Practicable Date, we have established a pipeline of 14 drug candidates, including six in clinical stage, one in IND stage and one in IND-enabling stage, with eight ongoing clinical programs, five IND/IND-enabling-stage programs, and multiple in discovery and preclinical stage. See "Business — Our Drug Candidates" for more information on the development status of our drug candidates.

We have not generated any revenue from the sales of our drug products since our inception. Our business and results of operations depend on our ability to continuously advance preclinical and clinical development of, and obtain the requisite regulatory approvals for, our drug candidates. Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and supply of our commercialized drugs. To successfully develop and launch our drug candidates, we intend to continue investing in our R&D and clinical development of our pipeline products, expanding our manufacturing capabilities and seeking collaboration with leading pharmaceutical companies. We also plan to build our internal marketing and sales forces before the estimated launch of our pipeline products, and to seek collaboration with business partners. For more details, see "Business — Our Strategies."

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses. In 2021, we recorded substantial loss from changes in fair value of financial liabilities at FVTPL due to our series of financings. However, it is a non-cash item and has ceased to impact our financial performance since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. Financial liabilities at FVTPL were then derecognized and credited to equity.

Research and development expenses have been and are expected to continue to be a major component in our cost structure. During the Track Record Period, our research and development expenses primarily consisted of (i) preclinical and CMC expenses, (ii) clinical trial expenses, (iii) salaries and related benefit costs, as well as non-cash share-based payments, for our research and development activities, (iv) costs of materials and consumables, and (v) depreciation expenses for right-of-use assets, property and equipment used for research and development purposes. For detailed information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses." Our research and development expenses amounted to RMB176.0 million, RMB277.3 million, and RMB75.0 million in 2021, 2022 and the four months ended April 30, 2023, respectively, of which our non-cash share-based payments were RMB13.7 million, RMB40.7 million, and RMB13.4 million in 2021, 2022, and the four months ended April 30, 2023, respectively.

During the Track Record Period, our administrative expenses primarily included (i) salaries and related benefit costs, as well as non-cash share-based payments, for our management and administrative functions, (ii) professional service fees paid to our legal counsel, agents and other service providers, (iii) depreciation expenses for right-of-use assets, property and equipment used for administrative purposes, and (iv) general office expenses. For detailed information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Administrative Expenses." Our administrative expenses amounted to RMB48.3 million, RMB92.8 million, and RMB28.5 million in 2021, 2022 and the four months ended April 30, 2023, respectively, of which our non-cash share-based payments were RMB20.3 million, RMB63.1 million and RMB16.7 million in 2021, 2022 and the four months ended April 30, 2023, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. As the preclinical studies and clinical trials of our drug candidates continue to progress, we expect to incur additional costs in relation to, among other things, preclinical study and clinical trial expenses, CMC expenses, raw materials procurements, manufacturing and sales and marketing. Additionally, we anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through private equity financings. Going forward, in the event of successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with cash on hand, as well as funds generated from licensing arrangements and sales of our commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financings, collaboration arrangements or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected components of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)			
			(Unaudited)	
Revenue	5,067	538	234	73
Other income	10,381	14,657	2,397	3,062
Other gains and losses, net	(518,347)	(29,436)	(44,771)	(834)
Research and development expenses	(175,954)	(277,346)	(67,257)	(75,001)
Administrative expenses	(48,319)	(92,796)	(27,368)	(28,469)
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Finance costs	(891)	(787)	(285)	(253)
Loss before tax	(732,949)	(402,894)	(149,109)	(111,766)
Income tax expense	—	—	—	—
Loss for the year/period	(732,949)	(402,894)	(149,109)	(111,766)
Other comprehensive income	10	61	22	5
Total comprehensive expenses for the year/period	(732,939)	(402,833)	(149,087)	(111,761)

Non-IFRS Measure

To supplement our consolidated statements of profit or loss and other comprehensive expenses which are presented in accordance with IFRSs, we also use adjusted net loss as a non-IFRS measure, which is not required by, or presented in accordance with, IFRSs. We believe that the presentation of the non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to management and investors in facilitating a comparison of our operating performance from year to year. In particular, the non-IFRS measure eliminates impact of certain expenses, including loss from changes in fair value of financial liabilities at FVTPL (which ceased to be recorded since January 31, 2022), share-based payments and **[REDACTED]** expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses. Loss from changes in fair value of financial liabilities at FVTPL represents the increase in fair value of the equity interests with preferred rights held by our investors, which is non-cash in nature. We no longer recognized such liabilities since January 31, 2022, as our investors' certain preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same date. Share-based payments are expenses arising from granting restricted shares to selected employees, senior management, directors and consultants, the amount of which is non-cash in nature. **[REDACTED]** expenses are the expenses arising from activities in relation to the proposed **[REDACTED]** and **[REDACTED]**, and are excluded from our net loss.

The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial condition as reported under IFRSs. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation from our loss for the year/period to our adjusted net loss (non-IFRS measure) for the year/period indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)			
			(Unaudited)	
Loss for the year/period	(732,949)	(402,894)	(149,109)	(111,766)
Adjusted for:				
Loss from changes in fair value of financial liabilities at FVTPL	511,517	55,510	55,510	—
Share-based payments	34,017	103,829	28,987	30,097
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure) for the year/period	(182,529)	(225,831)	(52,553)	(71,325)

Revenue

During the Track Record Period, our revenue was generated from out-licensing fee, sales of cell strain and other products, and provision of testing services. Our out-licensing fee represents a milestone payment received under a technology transfer agreement we entered into with SunHo in 2019, pursuant to which it acquires the rights and interests (including a related patent application) to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan). IMM2505 is a CD47 and PD-L1 bispecific molecule internally discovered by us, which is different from IMM2520. Except for the foregoing licensing arrangement, we do not have any plan to further develop IMM2505 with our own funds and resources at the current stage. Our revenue generated from sales of cell strain and other products mainly represents the income from selling cell lines and growth medium developed by us. Such cell lines and growth medium are not competing products for our IMM01 and other product candidates. Our revenue generated from testing services mainly represents the income from providing testing assays through fee-for-service contracts, including assay service to detect and quantify the ADCP potency. The provision of testing services falls within our business operations and is not explicitly prohibited by appropriate laws and regulations.

Since we did not obtain regulatory approval for the commercial sale of any of our drug candidates, we have not generated any revenue from sales of our drug products during the Track Record Period. As we continue to develop our pipeline candidates toward commercialization and seek collaboration opportunities with leading pharmaceutical companies, we expect the sales generated from our drug products and license fee will be major components of our revenue in the future.

The table below summarizes a breakdown of our revenue for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
		(in thousands of RMB)		
			(Unaudited)	
Revenue:				
Out-licensing fee	4,717	—	—	—
Sales of cell strain and other products	275	499	204	73
Testing services	75	39	30	—
Total	**5,067**	**538**	**234**	**73**

Other Income

During the Track Record Period, our other income consisted of government grants and bank interest income. The government grants represent various subsidies granted to us by the PRC local government authorities primarily for our research and development accomplishments and financing activities. Bank interest income mainly represents interest on our bank deposits.

The following table summarizes a breakdown of our other income for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
		(in thousands of RMB)		
			(Unaudited)	
Other income:				
Government grants	8,741	5,152	227	134
Bank interest income	1,640	9,505	2,170	2,928
Total	**10,381**	**14,657**	**2,397**	**3,062**

Other Gains and Losses, Net

During the Track Record Period, our other net gains and losses, primarily consisted of loss from changes in fair value of financial liabilities at FVTPL, net foreign exchange gains or losses, gain from changes in fair value of financial assets at FVTPL, and gain on disposal of property and equipment.

Loss from changes in fair value of financial liabilities at FVTPL results from the increase in fair value of the equity interests with preferred rights held by our investors. The fair value of the equity interests is established by using valuation techniques, which include back-solve method and equity allocation model involving various parameters and inputs. For details about our financial liabilities at FVTPL, see note 27 to the Accountants' Report set out in Appendix IA to this document. Net foreign exchange gains or losses mainly represent the exchange gains or losses resulted from the translation of financial assets and liabilities denominated in U.S. dollar at year end exchange rates. Gain from changes in fair value of financial assets at FVTPL represents the gain from recognizing fair value changes in wealth management products and structured deposits purchased by us and managed by reputable financial institutions. For further details, see "— Liquidity and Capital Resources — Net Cash (Used in) from Investing Activities." Gain on disposal of property and equipment represents the gain from our disposal of office equipment and other fixtures following the termination of a lease.

The following table summarizes a breakdown of our other net gains and losses, for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)		*(Unaudited)*	
Other gains and losses, net:				
Loss from changes in fair value of financial liabilities at FVTPL	(511,517)	(55,510)	(55,510)	—
Net foreign exchange (losses) gains	(9,128)	26,106	10,742	(1,039)
Gain from changes in fair value of financial assets at FVTPL	1,598	—	—	218
Gain on disposal of property and equipment	555	—	—	—
Gain arising on termination of a lease	165	—	—	—
Others	(20)	(32)	(3)	(13)
Total	**(518,347)**	**(29,436)**	**(44,771)**	**(834)**

Financial Liabilities Measured within Level 3 Fair Value Measurement

During the Track Record Period, we had certain financial liabilities categorized within level 3 of fair value measurement ("**Level 3 Financial Liabilities**"). Our Level 3 Financial Liabilities include series of shares issued to certain investors during the Track Record Period (the "**Investors' Shares**"). We used back-solve method to determine the underlying share value and performed an equity allocation based on a Binomial Option Pricing Model ("**OPM**") to arrive the fair value of the Investors' Shares as of the dates of issuance and at the end of each reporting period with reference to valuation reports carried out by AVISTA Valuation Advisory Limited ("**AVISTA**"), an independent qualified valuer.

In relation to the valuation of our Level 3 Financial Liabilities, with reference to the guidance under the "Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions" issued by the SFC in May 2017 applicable to directors of companies **[REDACTED]** on the Stock Exchange, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of agreements related to Investors' Shares; (ii) engaged independent valuer, provided necessary financial and non-financial information to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) obtained sufficient understanding of the valuation model, methodologies and techniques on which the valuation is based; and (iv) reviewed the valuation results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared and disclosed.

Details of the fair value measurement of financial liabilities at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in note 27 and note 35 to the Accountants' Report set out in the Appendix IA to this document. The reporting accountant has carried out audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's historical financial information for the Track Record Period as a whole in Appendix IA to this document. The reporting accountants' opinion on the historical financial information of our Group for the Track Record Period is set out on page I-2 of Appendix IA to this document.

In relation to the fair value assessment of the financial liabilities requiring Level 3 measurements under the fair value classification, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) reviewing relevant notes and disclosure in the Accountants' Report in Appendix IA to this document; (ii) discussing with the Company and the Reporting Accountant as well as the external valuer the valuation methodology, and the key basis and assumptions for the valuation of the Level 3 Financial Liabilities; (iii) reviewing the valuation analysis prepared by the external valuer engaged by the Company; and (iv) obtaining and reviewing the credentials of the external valuer engaged by the Company. Having considered the work done by the Directors and the Reporting Accountant and the relevant due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention to disagree with the Directors and the Reporting Accountant in respect of the valuation of such Level 3 Financial Liabilities.

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted of (i) preclinical and CMC expenses, mostly resulting from the engagement of CROs, CDMOs and other service providers to conduct preclinical studies and CMC on our behalf, (ii) clinical trial expenses for our drug candidates, including expenses with respect to the engagement of clinical trial sites and principal investigators, as well as other expenses incurred in connection with our clinical trials, (iii) salaries and related benefit costs (exclusive of non-cash share-based payments) for our research and development activities, (iv) costs of materials and consumables, primarily representing expenses for procuring materials and consumables used to support our preclinical studies and clinical trials, (v) non-cash share-based payments for our research and development functions, (vi) depreciation expenses, mainly including depreciation expenses for right-of-use assets, property and equipment used for research and development purposes, and (vii) others, including utilities, travelling and transportation expenses and other miscellaneous expenses.

Our research and development expenses increased significantly during the Track Record Period primarily attributed to (i) the increases in clinical trial expenses arising from the increased clinical development activities regarding our drug candidates, such as IMM01 and IMM2902, (ii) the increases in salaries and related benefit costs and non-cash share-based payments, mainly due to the expansion of our research and development team and compensation raise, and (iii) the increases in preclinical and CMC expenses primarily due to the increased manufacturing expenses of IMM01 for the use in its combination trials with azacitidine and tislelizumab respectively, as well as IND-enabling expenses associated with IMM47.

The following table below sets forth a breakdown of our research and development expenses for the periods indicated:

	For the Year Ended December 31,				For the Four Months Ended April 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)				*(Unaudited)*			
Research and development expenses:								
Preclinical and CMC expenses	52,754	30.0	56,628	20.4	15,745	23.4	8,923	11.9
Clinical trial expenses	41,620	23.7	95,667	34.5	17,073	25.4	23,591	31.5
Salaries and related benefit costs	26,528	15.1	49,417	17.8	13,743	20.4	19,410	25.9
Costs of materials and consumables	27,721	15.8	15,005	5.4	5,614	8.3	4,065	5.4
Share-based payments	13,749	7.7	40,740	14.7	10,225	15.2	13,381	17.8
Depreciation expenses	8,600	4.9	12,163	4.4	3,821	5.7	4,428	5.9
Others	4,982	2.8	7,726	2.8	1,036	1.6	1,203	1.6
Total	**175,954**	**100.0**	**277,346**	**100.0**	**67,257**	**100.0**	**75,001**	**100.0**

The table below sets forth a breakdown of our research and development expenses incurred on the Core Product for the periods indicated:

	For the Year Ended December 31,				For the Four Months Ended April 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)				*(Unaudited)*			
Research and development expenses on the Core Product:								
Preclinical and CMC expenses	8,958	20.7	23,836	20.4	5,736	22.0	368	1.6
Clinical trial expenses	17,333	39.9	52,760	45.2	11,132	42.8	11,042	48.2
Salaries and related benefit costs	4,412	10.2	14,839	12.7	3,677	14.1	4,934	21.6
Costs of materials and consumables	8,633	19.9	7,890	6.8	1,342	5.2	2,885	12.6
Share-based payments	1,887	4.3	12,164	10.4	3,091	11.9	2,819	12.3
Depreciation expenses	1,206	2.8	3,096	2.7	703	2.7	670	2.9
Others	972	2.2	2,166	1.9	351	1.3	173	0.8
Total	**43,401**	**100.0**	**116,751**	**100.0**	**26,032**	**100.0**	**22,891**	**100.0**

During the Track Record Period, all our research and development expenses were expensed and not capitalized. We expect our research and development expenses to grow along with advancement of our clinical programs and continued research and development of our preclinical and future drug candidates.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) salaries and related benefit costs (exclusive of non-cash share-based payments) for our management and administrative functions, (ii) non-cash share-based payments for our management and administrative functions, (iii) professional service fees paid to legal counsel and agents in relation to (a) financing related services, (b) design services for construction project, (c) finance, tax and legal consulting services, and (d) human resource consulting services, (iv) depreciation expenses, mainly including depreciation expenses for right-of-use assets, property and equipment used for administrative purposes, (v) general office expenses, mainly including office consumables, and (vi) others, mainly including utilities, travelling and transportation expenses and other miscellaneous expenses.

The increase of our administrative expenses during the Track Record Period was mainly attributable to the increases in non-cash share-based payments and the increases in salaries and related benefit costs, associated with the headcount expansion and compensation raise of our management and administrative functions as a result of our business growth.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the Year Ended December 31,				For the Four Months Ended April 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)				*(Unaudited)*			
Administrative expenses:								
Salaries and related benefit costs	9,095	18.8	16,808	18.1	5,213	19.0	6,437	22.6
Share-based payments	20,268	41.9	63,089	68.0	18,763	68.6	16,716	58.7
Professional service fees	9,088	18.8	3,197	3.4	522	1.9	854	3.0
— Financing related services fees	1,714	3.5	366	0.4	366	1.3	—	—
— Design services fees for construction project	3,223	6.7	887	1.0	32	0.0	292	1.0
— Finance, tax and legal consulting services fees	2,023	4.2	421	0.4	103	0.4	263	0.9
— Human resource consulting services fees	2,128	4.4	1,523	1.6	21	0.0	299	1.1
Depreciation expenses	4,575	9.5	5,454	5.9	1,932	7.1	3,104	10.9
General office expenses	3,366	7.0	1,486	1.6	341	1.2	471	1.7
Others	1,927	4.0	2,762	3.0	597	2.2	887	3.1
Total	**48,319**	**100.0**	**92,796**	**100.0**	**27,368**	**100.0**	**28,469**	**100.0**

[REDACTED] Expenses

[REDACTED] expenses represent expenses incurred for our proposed **[REDACTED]** and **[REDACTED]**. In 2021, 2022 and the four months ended April 30, 2023, we recorded **[REDACTED]** expenses of RMB**[REDACTED]** million, RMB**[REDACTED]** million, and RMB**[REDACTED]** million, respectively.

Finance Costs

During the Track Record Period, our finance costs consisted of interest on lease liabilities and interest on borrowings, which represents the accretion of interest related to our payment obligation under our current leases.

The following table summarizes a breakdown of finance costs for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)			
			(Unaudited)	
Finance costs:				
Interest on lease liabilities	(891)	(787)	(285)	(226)
Interest on borrowings	—	—	—	(27)
Total	**(891)**	**(787)**	**(285)**	**(253)**

Income Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate.

China

Under the Law of the PRC on Enterprise Income Tax, or the EIT Law, and Implementation Regulation of the EIT Law, the tax rate of our PRC subsidiaries is 25% during the Track Record Period.

In November 2020, our Company has been accredited as a High and New Technology Enterprise recognized by Science and Technology Commission of Shanghai Municipality and enjoys a preferential tax rate of 15% for a term of three years starting from 2020.

Pursuant to Caishui 2018 circular No. 99, we enjoyed super deduction of 175% on qualifying research and development expenditures throughout the Track Record Period.

Hong Kong

Under the two-tiered profits tax rates regime which was effective on April 1, 2018, the first HK$2.0 million of profits of a qualifying group entity will be taxed at the rate of 8.25%, and profits above HK$2.0 million will be taxed at the rate of 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

We considered the two-tiered profits tax rates regime is insignificant to us, since our subsidiary incorporated in Hong Kong did not have tax assessable profits subject to Hong Kong profits tax during the Track Record Period.

United States

Our U.S. subsidiary is subject to statutory U.S. federal corporate income tax at a rate of 21.0% on any estimated assessable profits arising in the U.S. during the Track Record Period. It is also subject to the state income tax in Delaware at a rate of 8.7% during the Track Record Period. No provision for U.S. profits tax has been made as our subsidiary incorporated in the U.S. has no assessable profits derived from or earned in the U.S. during the Track Record Period.

We did not record any income tax expense during the Track Record Period. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions, and we are not aware of any outstanding or potential disputes with such tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2023 Compared to Four Months Ended April 30, 2022

Revenue

Our revenue decreased by 68.8% from RMB0.2 million in the four months ended April 30, 2022 to RMB73 thousand in the four months ended April 30, 2023. The decrease was primarily attributable to a decrease of RMB0.1 million in sales of cell strain and other products in the four months ended April 30, 2023, which were one-off in nature and not considered as our main business.

Other Income

Our other income increased by 27.7% from RMB2.4 million in the four months ended April 30, 2022 to RMB3.1 million in the four months ended April 30, 2023. The increase was primarily attributable to an increase of RMB0.8 million in bank interest income as we purchased more time deposits denominated in the U.S. dollars which enjoyed a higher interest rate.

Other Gains and Losses, Net

Our other gains and losses decreased by 98.1% from losses of RMB44.8 million in the four months ended April 30, 2022 to RMB0.8 million in the four months ended April 30, 2023. The decrease was primarily attributable to a decrease of RMB55.5 million in our loss from changes in fair value of financial liabilities at FVTPL, due to the fact that we no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day; partially offset by a change from net foreign exchange gains of RMB10.7 million in the four months ended April 30, 2022 to net foreign exchange losses of RMB1.0 million in the same period in 2022, mainly due to a decrease in our net financial assets dominated in U.S. dollar, which had also slightly depreciated against Renminbi for the four months ended April 30, 2023.

Research and Development Expenses

Our research and development expenses increased by 11.5% from RMB67.3 million in the four months ended April 30, 2022 to RMB75.0 million in the four months ended April 30, 2023. The increase was primarily attributable to (i) an increase of RMB6.5 million in clinical trial expenses for IMM01, primarily in relation to the initiation of its combination trials with tislelizumab, as well as IMM2520; for detailed information on our progress on IMM01 and IMM2520, see "Business — Our Drug Candidates," and (ii) an increase of RMB5.7 million in salaries and related benefit costs, mainly due to the expansion of our clinical team, in line with our continuous research and development efforts in advancing and expanding our pipeline drug candidates; partially offset by a decrease of RMB6.8 million in preclinical and CMC expenses, primarily due to a decrease of testing expenses for IMM2520, IMM40H and IMM47 in preparation for IND application filings.

Administrative Expenses

Our administrative expenses increased by 4.0% from RMB27.4 million in the four months ended April 30, 2022 to RMB28.5 million in the four months ended April 30, 2023. The increase was primarily attributable to (i) an increase of RMB1.2 million in salaries and related benefit costs, mainly due to the headcount expansion and compensation raise of administrative functions as a result of our business growth, (ii) an increase of RMB1.2 million in depreciation expenses, which was in line with the increases in our right-of-use assets, property and office equipment; partially offset by a decrease of RMB2.0 million in non-cash share-based payments, resulting from a decrease in the number of restricted shares vested in the four months ended April 30, 2023.

[REDACTED] ***Expenses***

Our **[REDACTED]** expenses **[REDACTED]** by **[REDACTED]**% from RMB**[REDACTED]** million in the four months ended April 30, 2022 to RMB**[REDACTED]** million in the four months ended April 30, 2023, which was mainly attributable to professional services provided by the Joint Sponsors, legal counsels and other professional service providers in relation to the **[REDACTED]**.

Finance Costs

Our finance costs decreased by 11.2% from RMB285 thousand in the four months ended April 30, 2022 to RMB253 thousand in the four months ended April 30, 2023. The decrease was primarily attributable to a decrease of RMB59 thousand in the interest on lease liabilities in relation to the decrease of our lease liabilities.

Loss for the Period

As a result of the foregoing, our loss for the period decreased by RMB37.3 million from RMB149.1 million in the four months ended April 30, 2022 to RMB111.8 million in the four months ended April 30, 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue decreased by 89.4% from RMB5.1 million in 2021 to RMB0.5 million in 2022, which was primarily because of the decrease of our out-licensing fee from RMB4.7 million in 2021 to nil in 2022. The out-licensing fee received in 2021 was a milestone payment in connection with a license granted to SunHo in 2019 to develop and commercialize IMM2505 in China (including Hong Kong, Macau and Taiwan). Our revenue decrease was partially offset by an increase of RMB0.2 million in sales of cell strain and other products in 2022, which were one-off in nature and not considered as our main business.

Other Income

Our other income increased by 41.2% from RMB10.4 million in 2021 to RMB14.7 million in 2022. The increase was primarily attributable to an increase of RMB7.9 million in our bank interest income, mainly due to the increased balance of our bank deposits after our Series C Financing.

Other Gains and Losses, Net

Our other net gains and losses decreased by 94.3% from losses of RMB518.3 million in 2021 to losses of RMB29.4 million in 2022. The decrease was primarily attributable to (i) a decrease of RMB456.0 million in loss from changes in fair value of financial liabilities at FVTPL, due to the fact that we no longer recorded any financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day, and (ii) a change from net foreign exchange losses of RMB9.1 million in 2021 to net foreign exchange gains of RMB26.1 million in 2022, in connection with our net financial assets denominated in U.S. dollar, which had appreciated against Renminbi in 2022; partially offset by the decrease of RMB1.6 million in the gain from changes in fair value of financial assets at FVTPL as we redeemed our investments in wealth management products and structured deposits in 2021, and we did not purchase any wealth management products or structured deposits in 2022.

Research and Development Expenses

Research and development expenses increased by 57.6% from RMB176.0 million in 2021 to RMB277.3 million in 2022. The significant increase was mainly attributable to (i) an increase of RMB54.0 million in clinical trial expenses for IMM01, primarily in relation to the initiation of its combination trials with azacitidine and tislelizumab respectively, as well as IMM2902; for detailed information on our progress on IMM01 and IMM2902, see "Business — Our Drug Candidates," (ii) an increase of RMB27.0 million in non-cash share-based payments and an increase of RMB22.9 million in salaries and related benefit costs, mainly due to (a) the additional amortization in connection with the restricted shares granted in 2022, and (b) the expansion of our clinical team, in line with our continuous research and development efforts in advancing and expanding our pipeline drug candidates, and (iii) an increase of RMB3.9 million in preclinical and CMC expenses, primarily due to the increased manufacturing expenses of IMM01 for the use in its combination trials with azacitidine and tislelizumab respectively, as well as IND-enabling expenses associated with IMM47.

Administrative Expenses

Administrative expenses increased by 92.0% from RMB48.3 million in 2021 to RMB92.8 million in 2022, mainly attributable to (i) an increase of RMB42.8 million in non-cash share-based payments, mainly due to the additional amortization in connection with the restricted shares granted in 2022, and (ii) an increase of RMB7.7 million in salaries and related benefit costs, due to the headcount expansion and compensation raise of our management and administrative functions as a result of our business growth.

[REDACTED] ***Expenses***

[REDACTED] expenses increased by **[REDACTED]**% from RMB**[REDACTED]** million in 2021 to RMB**[REDACTED]** million in 2022, which was mainly attributable to professional services provided by the Joint Sponsors, legal counsels and other professional service providers in relation to the **[REDACTED]**.

Finance Costs

Finance costs slightly decreased by 11.7% from RMB891 thousand in 2021 to RMB787 thousand in 2022, mainly attributable to a decrease of RMB104 thousand in interest on lease liabilities, primarily due to the decrease of our lease liabilities.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by RMB330.0 million from RMB732.9 million in 2021 to RMB402.9 million in 2022.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
	(in thousands of RMB)		
Total non-current assets	188,737	188,107	183,898
Total current assets	704,098	651,871	600,635
Total assets	**892,835**	**839,978**	**784,533**
Total current liabilities	2,477,831	51,737	78,855
Net current (liabilities) assets	**(1,773,733)**	**600,134**	**521,780**
Total non-current liabilities	13,443	9,020	8,121
Total liabilities	**2,491,274**	**60,757**	**86,976**
Net (liabilities) assets	**(1,598,439)**	**779,221**	**697,557**
Equity			
Paid-in capital	6,908	—	—
Share capital	—	356,093	356,093
Reserves	(1,605,347)	423,128	341,464
Total (deficits) equity	**(1,598,439)**	**779,221**	**697,557**

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of April 30,	As of June 30,
	2021	2022	2023	2023
	(in thousands of RMB)			*(Unaudited)*
Current assets				
Bank balances and cash	668,326	635,212	559,086	495,967
Prepayments and other receivables	27,528	16,593	16,509	8,696
Term deposits with original maturity over three months	—	—	—	43,355
Pledged bank deposits	8,210	—	—	—
Trade receivables	34	66	16	4
Financial assets at FVTPL	—	—	25,024	—
Total current assets	**704,098**	**651,871**	**600,635**	**548,022**
Current liabilities				
Financial liabilities at FVTPL	2,431,584	—	—	—
Trade and other payables	41,151	46,138	44,625	39,185
Lease liabilities	5,096	5,599	4,250	4,826
Borrowings	—	—	29,980	29,980
Total current liabilities	**2,477,831**	**51,737**	**78,855**	**73,991**
Net current (liabilities) assets	(1,773,733)	600,134	521,780	474,031

We recorded net current assets of RMB474.0 million as of June 30, 2023 as compared to net current assets of RMB521.8 million as of April 30, 2023. The decrease of net current assets was primarily due to (i) a decrease of RMB63.1 million in bank balances and cash, which was in line with our business development, and (ii) a decrease of RMB25.0 million in financial assets at FVTPL as we redeemed our structured deposits in June 2023; partially offset by an increase of RMB43.4 million in term deposits with original maturity over three months.

We recorded net current assets of RMB521.8 million as of April 30, 2023 as compared to net current assets of RMB600.1 million as of December 31, 2022. The decrease of net current assets was primarily due to a decrease of RMB76.1 million in bank balances and cash due to the continued increase of our research and development expenses and administrative expenses as a result of our business growth, partially offset by an increase of RMB25.0 million in our financial assets at FVTPL, primarily due to our purchase of structured deposits in the four months ended April 30, 2023.

We recorded net current assets of RMB600.1 million as of December 31, 2022, as compared to net current liabilities of RMB1,773.7 million as of December 31, 2021. The increase of net current assets was primarily due to a decrease of RMB2,431.6 million in financial liabilities at FVTPL, as we ceased recording financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day, partially offset by (i) a decrease of RMB33.1 million in bank balances and cash due to the continued increase of our research and development expenses and administrative expenses as a result of our business growth, partially offset by an increase in our bank balances as a result of a portion of proceeds we received from our Series C Financing in January 2022, (ii) a decrease of RMB8.2 million in pledged bank deposits due to the release of the biding deposits used for the purchase of a land parcel in Shanghai in 2021, and (iii) a decrease of RMB10.9 million in prepayments and other receivables, primarily due to a release of RMB6.6 million in deposits for plant construction, which were used as a guarantee for the performance of the construction contract in connection with our manufacturing facilities.

We recorded net assets of RMB697.6 million as of April 30, 2023, as compared to net assets of RMB779.2 million as of December 31, 2022. The decrease of net assets was primarily due to our loss for the year of RMB111.8 million in the four months ended April 30, 2023, partially offset by our recognition of equity-settled share-based payments of RMB30.1 million in the same period.

We have terminated our investors' preferred rights and no longer recorded any financial liabilities at FVTPL since January 31, 2022. As a result, we recorded net assets of RMB779.2 million as of December 31, 2022, as compared to net liabilities of RMB1,598.4 million as of December 31, 2021. For further information, see our consolidated statements of changes in equity set forth in the Accountants' Report in Appendix IA to this document.

We recorded financial liabilities at FVTPL of RMB2,431.6 million, nil and nil as of December 31, 2021, December 31, 2022 and April 30, 2023, respectively. Our financial liabilities at FVTPL consisted of financial instruments related to the equity interests with preferred rights held by our investors. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day.

Bank Balances and Cash

Our bank balances and cash decreased by RMB33.1 million from RMB668.3 million as of December 31, 2021 to RMB635.2 million as of December 31, 2022, primarily due to the continued increase of our research and development expenses and administrative expenses as a result of our business growth, partially offset by an increase in our bank balances as a result of a portion of proceeds we received from our Series C Financing in January 2022. Our bank balances and cash further decreased by RMB76.1 million from RMB635.2 million as of December 31, 2022 to RMB559.1 million as of April 30, 2023, primarily due to the continued increase of our research and development expenses and administrative expenses as a result of our business growth.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consisted of prepayments for research and development related services and materials, and other receivables such as deposits for plant construction as a guarantee for the construction contract in connection with our new facilities and deferred issue costs in connection with the proposed **[REDACTED]** and **[REDACTED]**.

Our prepayments and other receivables decreased by RMB10.9 million from RMB27.5 million as of December 31, 2021 to RMB16.6 million as of December 31, 2022, primarily due to the release of RMB6.6 million in deposits for plant construction, which were used as a guarantee for the performance of the construction contract in connection with our manufacturing facilities. Our prepayments and other receivables decreased by RMB0.1 million from RMB16.6 million as of December 31, 2022 to RMB16.5 million as of April 30, 2023, primarily due to an increase of RMB3.3 million in prepayments for purchase of goods and research and development services, which was in line with the progression of the clinical trials of our drug candidates. The increase was offset by an decrease of RMB3,292.0 thousand in deferred issue cost, primarily due to decrease in capitalise ratio. As of June 30, 2023, RMB10.3 million, representing 62.7% of our total prepayments and other receivables as of April 30, 2023, was settled.

The following table sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
	(in thousands of RMB)		
Other receivables:			
Deposits for plant construction	6,567	—	—
Deferred issue costs	1,399	6,330	3,038
Interest receivables	—	925	869
Others	21	32	55
Prepayments for:			
Purchase goods and research and development services	19,420	9,043	12,300
Others	121	263	247
Total	**27,528**	**16,593**	**16,509**

Financial Assets at FVTPL

We recorded financial assets at FVTPL of nil and nil as of December 31, 2021 and December 31, 2022, since we fully redeemed our investment in those wealth management products and structured deposits in 2021, and did not purchase any wealth management products or structured deposits in 2022. We recorded financial asset at FVTPL of RMB25.0 million as of April 30, 2023 as we purchased structured deposits in the four months ended April 30, 2023. Our structured deposits were principal guaranteed with an expected yield of 2.70% per annum as of April 30, 2023. Our structured deposits had maturity dates within a year.

As part of our treasury management, we invested in certain wealth management products and structured deposits to better utilize excess cash when our cash sufficiently covered our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process for our treasury management activities.

Our finance team, with extensive experience in financial planning and analysis, investment management, and internal control, is responsible for proposing, analyzing and evaluating potential investment in wealth management products and structured deposits. Our management will review the product proposed by our finance department and determine whether to approve the product after thoroughly considering a number of factors, including but not limited to, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit and potential risk of the investment. Our Board oversees the overall financing activities and investment strategies and supervises our internal audit and risk control departments in the management of our Company's auditing and treasury management activities, including providing improvement suggestions and engaging periodical discussions with the relevant management team pursuant to our internal control policies. Under our treasury management guidelines, we limited our purchases to principal-guaranteed and low risk products from reputable financial institutions which must not affect our daily operation and business prospects.

To control our risk exposure, we have in the past sought, and may continue in the future to seek, principal-guaranteed structured deposits and other wealth management products that provide better investment returns than term deposits at commercial banks. Upon the completion of the **[REDACTED]**, we will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate.

Pledged Bank Deposits

Our pledged bank deposits represent the bidding deposits to get a guarantee letter issued by the bank for acquisition of a land use right. For more details regarding the land use right, see the sub-section headed "— Right-of-use Assets" in this section. We recorded pledged bank deposits of RMB8.2 million, nil, and nil as of December 31, 2021, December 31, 2022, and April 30, 2023, respectively. The changes were primarily due to the deposits made in relation to the purchase of a land parcel in Shanghai in 2021, which were later released to us in May 2022.

Trade Receivables

Our trade receivables mainly consisted of the outstanding amounts payable by our customers for the purchase of our cell lines and other related products and testing services. Our trade receivables slightly increased by RMB32.0 thousand from RMB34.0 thousand as of December 31, 2021 to RMB66.0 thousand as of December 31, 2022. Our trade receivables decreased by RMB50 thousand from RMB66 thousand as of December 31, 2022 to RMB16 thousand as of April 30, 2023. As of June 30, 2023, RMB14 thousand, representing 87.1% of our total trade receivables as of April 30, 2023, was settled.

We normally granted a credit period of 30 days or a particular period agreed with customers. Our trade receivables turnover days increased from 2.9 days in 2021 to 33.6 days in 2022. Our trade receivables turnover days increased to 66.6 days in the four months ended April 30, 2023. Trade receivables turnover days for a given period are equal to the average trade receivables balances as of the beginning and the end of the period divided by total net revenues during the period and multiplied by the number of days during the period.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL consisted of financial instruments in connection with the equity interests with preferred rights held by our investors. We recorded financial liabilities at FVTPL of RMB2,431.6 million, nil, and nil as of December 31, 2021, December 31, 2022, and April 30, 2023, respectively. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day.

Trade and Other Payables

Our trade and other payables mainly included trade payables and accrued research and development expenses for CRO and CDMO services, accrued staff costs and benefits, accrued issue costs, accrued **[REDACTED]** expenses, payables for property and equipment and other tax payables.

Our trade and other payables increased by RMB5.0 million from RMB41.2 million as of December 31, 2021 to RMB46.1 million as of December 31, 2022, primarily attributable to (i) an increase of RMB5.6 million in accrued staff costs and benefits, due to the expansion of our research and development team and management team as well as the compensation raise in 2022, and (ii) an increase of RMB4.3 million in accrued **[REDACTED]** expenses and an increase of RMB1.3 million in issue costs, in connection with the proposed **[REDACTED]** and **[REDACTED]**; partially offset by a decrease of RMB0.9 million in accrued research and development expenses, primarily due to our timely repayment of research and development expenses.

Our trade and other payables decreased by RMB1.5 million from RMB46.1 million as of December 31, 2022 to RMB44.6 million as of April 30, 2023, primarily attributable to a decrease of RMB4.5 million in accrued staff costs and benefits, primarily because we paid bonuses to our employees in January 2023; partially offset by (i) an increase of RMB1.8 million in accrued **[REDACTED]** expenses in connection with the proposed **[REDACTED]** and **[REDACTED]**, (ii) an increase of RMB1.6 million in trade payables for research and development expenses which were not yet due as of April 30, 2023, (iii) an increase of RMB1.1 million in accrued research and development expenses, which was in line with the increase of our research and development expenses.

As of June 30, 2023, RMB22.9 million, representing 51.0% of our total trade and other payables as of April 30, 2023, was settled.

The table below sets forth our trade and other payables as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
	(in thousands of RMB)		
Trade and other payables:			
Trade payables for research and development expenses	1,764	1,262	2,831
Accrued research and development expenses	17,102	16,199	17,274
Accrued staff costs and benefits	7,066	12,709	8,213
Accrued issue costs	834	2,165	948
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Payables for property and equipment	6,928	5,705	5,029
Other tax payables	2,955	612	544
Others	1,543	237	209
Total	**41,151**	**46,138**	**44,625**

The following table sets forth an aging analysis of our trade payables presented based on the invoice dates at the end of each reporting period:

	As of December 31,		As of April 30,
	2021	2022	2023
		(in thousands of RMB)	
0 — 30 days	1,764	713	2,831
31 — 90 days	—	481	—
91 — 180 days	—	68	—
	1,764	1,262	2,831

Lease Liabilities (current and non-current portions)

Our lease liabilities were in relation to the properties that we leased for our office premises, research and development center and production facilities. We recorded lease liabilities of RMB18.5 million, RMB14.6 million, and RMB12.4 million as of December 31, 2021, December 31, 2022, and April 30, 2023, respectively. The decrease of RMB3.9 million in lease liabilities from RMB18.5 million as of December 31, 2021 to RMB14.6 million as of December 31, 2022 was because of the timely repayment of our lease liabilities. The decrease of RMB2.2 million in lease liabilities from RMB14.6 million as of December 31, 2022 to RMB12.4 million as of April 30, 2023 was because of the timely repayment of our lease liabilities.

Property and Equipment

Our property and equipment primarily consisted of machinery and equipment, leasehold improvements, construction in progress and office equipment and fixtures. Our property and equipment further increased by RMB17.8 million from RMB52.0 million as of December 31, 2021 to RMB69.8 million as of December 31, 2022, primarily because of (i) an increase of RMB19.2 million for the construction of our manufacturing facilities in Zhangjiang Science City, Shanghai, and (ii) an increase of RMB2.8 million for the purchase of research and development related equipment.

Our property and equipment further decreased by RMB3.8 million from RMB69.8 million as of December 31, 2022 to RMB66.1 million as of April 30, 2023, primarily because of (i) a decrease of RMB2.1 million in our machinery and equipment, mainly due to the depreciation of our machinery and equipment, and (ii) a decrease of RMB1.9 million in leasehold improvements, mainly due to the depreciation of our office premises and research and development center.

The following table sets forth our property and equipment as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
		(in thousands of RMB)	
Property and equipment:			
Machinery and equipment	30,542	33,347	31,274
Leasehold improvements	17,634	13,406	11,500
Construction in progress	3,224	22,460	22,707
Office equipment and fixtures	568	594	553
Vehicles	58	23	23
Total	**52,026**	**69,830**	**66,057**

Right-of-use Assets

Our right-of-use assets primarily arose from our leased properties and land use right. Our right-of-use assets decreased by RMB8.0 million from RMB102.1 million as of December 31, 2021 to RMB94.1 million as of December 31, 2022, primarily due to a decrease of RMB4.2 million in land use right and a decrease of RMB3.8 million in leased properties, both of which were resulted from depreciation charge of the properties for the year.

Our right-of-use assets decreased by RMB3.4 million from RMB94.1 million as of December 31, 2022 to RMB90.7 million as of April 30, 2023, primarily due to a decrease of RMB2.0 million in leased properties and a decrease of RMB1.4 million in land use right, both of which were resulted from depreciation charge of the properties for the four months ended April 30, 2023.

The following table sets forth our right-of-use assets as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
		(in thousands of RMB)	
Right-of-use assets:			
Leased properties	17,894	14,089	12,109
Land use right	84,201	79,973	78,564
Total	**102,095**	**94,062**	**90,673**

Other Non-current Assets

Our other non-current assets consisted of value-added tax recoverable, deposits for plant construction, prepayments for property and equipment, and rental deposits. Our other non-current assets decreased by RMB10.4 million from RMB34.6 million as of December 31, 2021 to RMB24.2 million as of December 31, 2022, primarily because of (i) a decrease of RMB7.1 million in value-added tax recoverable due to the tax refund received in 2022, and (ii) a decrease of RMB3.5 million in prepayments for property and equipment as it was converted to our property and equipment in 2022.

Our other non-current assets increased by RMB3.0 million from RMB24.2 million as of December 31, 2022 to RMB27.2 million as of April 30, 2023, primarily because of an increase of RMB2.9 million in value-added tax recoverable mainly in relation to our purchase of laboratory equipment and consumables, and our research and development activities.

The following table sets forth our other non-current assets as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
		(in thousands of RMB)	
Other non-current assets:			
Value-added tax recoverable	19,623	12,496	15,424
Deposits for plant construction	9,851	9,851	9,851
Prepayments for property and equipment	3,483	—	—
Rental deposits	1,659	1,868	1,893
Total	**34,616**	**24,215**	**27,168**

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates indicated:

	As of December 31,		As of April 30,
	2021	2022	2023
Current ratio[1]	0.28	12.60	7.62

Note:

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

Our current ratio increased from 0.28 as of December 31, 2021 to 12.60 as of December 31, 2022, mainly attributable to the decrease in our current liabilities from RMB2,477.8 million as of December 31, 2021 to RMB51.7 million as of December 31, 2022. The decrease in our current liabilities was primarily because we ceased recording financial liabilities at FVTPL since January 31, 2022, and our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. Our current ratio decreased from 12.60 as of December 31, 2022 to 7.62 as of April 30, 2023, mainly attributable to the decrease in our current assets from RMB651.9 million as of December 31, 2022 to RMB600.6 million as of April 30, 2023. The decrease in our current assets was primarily attributable to a decrease of RMB76.1 million in our bank balances and cash, mainly due to the continued increase of our research and development expenses and our administrative expenses as a result of our business growth. See "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Current Assets and Current Liabilities."

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the preclinical and clinical development of our drug candidates, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB190.5 million, RMB238.7 million, and RMB79.2 million in 2021, 2022, and the four months ended April 30, 2023, respectively, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period without generating any revenue from sales of our drug candidates. Our operating cash flow will continue to be affected by our research and development expenses. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from private equity financings. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net **[REDACTED]** from the **[REDACTED]**, funds received from potential collaboration arrangements and cash generated from our operations after the commercialization of our drug candidates. With the continuing expansion of our business, we may require further funding through public or private **[REDACTED]**, debt financings, collaboration arrangements or other sources. As of April 30, 2023, our bank balances and cash amounted to RMB559.1 million.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)		*(Unaudited)*	
Operating cash flow before movements in working capital	(166,464)	(260,762)	(71,486)	(72,138)
Changes in working capital	(24,077)	22,052	18,467	(7,104)
Net cash used in operating activities	(190,541)	(238,710)	(53,019)	(79,242)
Net cash (used in) from investing activities	(108,722)	49	(5,021)	(22,869)
Net cash from financing activities	793,033	179,380	185,245	27,018
Net increase (decrease) in cash and cash equivalents	493,770	(59,281)	127,205	(75,093)
Cash and cash equivalents at beginning of the year/period	183,674	668,326	668,326	635,212
Effect of foreign exchange rate changes, net	(9,118)	26,167	10,769	(1,033)
Cash and cash equivalents at end of the year/period	668,326	635,212	806,300	559,086

Net Cash Used in Operating Activities

For the four months ended April 30, 2023, our net cash used in operating activities was RMB79.2 million. Our loss for the period was RMB111.8 million for the same period. The difference between our loss for the period and our net cash used in operating activities was primarily attributable to certain non-cash or non-operating expenses or losses, including share-based payment expenses of RMB30.1 million, depreciation of property and equipment of RMB4.1 million and depreciation of right-of-use assets of RMB3.4 million, partially offset by bank interest income of RMB2.9 million changes in certain working capital items, including and increase in other non-current assets of RMB3.0 million and increase in prepayments and other receivables of RMB3.3 million.

For the year ended December 31, 2022, our net cash used in operating activities was RMB238.7 million. Our loss for the year was RMB402.9 million for the same period. The difference between our loss for the year and our net cash used in operating activities was primarily attributable to (i) certain non-cash or non-operating expenses or losses, including share-based payment expenses of RMB103.8 million, loss from changes in fair value of financial liabilities at FVTPL of RMB55.5 million, depreciation of property and equipment of RMB11.9 million, and depreciation of right-of-use assets of RMB5.7 million, partially offset by net foreign exchange gains of RMB26.1 million and bank interest income of RMB9.5 million; and (ii) changes in certain working capital items, including a decrease in prepayments and other receivables of RMB10.2 million and a decrease in other non-current assets of RMB7.0 million.

For the year ended December 31, 2021, our net cash used in operating activities was RMB190.5 million. Our loss for the year was RMB732.9 million for the same period. The difference between our loss for the year and our net cash used in operating activities was primarily attributable to (i) certain non-cash or non-operating expenses or losses, including loss from changes in fair value of financial liabilities at FVTPL of RMB511.5 million, share-based payments expenses of RMB34.0 million, net foreign exchange losses of RMB9.1 million, depreciation of property and equipment of RMB7.8 million, and depreciation of right-of-use assets of RMB5.4 million; and (ii) changes in certain working capital items, including an increase in trade and other payables of RMB7.7 million, partially offset by an increase in prepayments and other receivables of RMB18.1 million and an increase in other non-current assets of RMB13.6 million.

We recorded net operating cash outflows during the Track Record Period. Going forward, we plan to improve our net operating cash flow position through the continued advancement of clinical development and commercialization of our drug candidates, business collaboration and partnership, including out-licensing, commercialization collaboration, as well as optimization of our cost structure and operating efficiency. In particular, we plan to (i) rapidly advance the clinical development and commercialization of our Core Product and Key Products, for our clinical development and commercialization plans, see "Business — Our Drug Candidates," (ii) explore potential collaboration opportunities for our product candidates, in particular, we plan to present clinical data of our drug candidates at international conferences to attract the interest of potential strategic partners, for details on our collaboration plans, see "Business — Our Strategies — To Expand Our Global Footprint and Maximize the Clinical and Commercial Value of Our Drug Candidates Through Global Clinical Trials and Accretive Partnerships," (iii) enhance management over our working capital, by monitoring and managing our receivables collection, payables settlement, and inventory turnover, and (iv) implement comprehensive measures to optimize our cost structure and control our costs and expenses, among others, we aim to strengthen our procurement management to further improve efficiency and lower cost.

Net Cash (Used in) from Investing Activities

For the four months ended April 30, 2023, our net cash used in investing activities was RMB22.9 million, primarily attributable to purchase of financial assets at FVTPL of RMB112.0 million, partially offset by withdrawal of financial assets at FVTPL of RMB87.0 million.

For the year ended December 31, 2022, our net cash from investing activities was RMB49 thousand, primarily attributable to bank interest received of RMB8.6 million, withdrawal of pledged bank deposits of RMB8.2 million and withdrawal of deposits for plant construction of RMB6.6 million, offset by purchase of property and equipment of RMB23.2 million.

For the year ended December 31, 2021, our net cash used in investing activities was RMB108.7 million, primarily attributable to purchase of financial assets at FVTPL of RMB329.0 million, payments for right-of-use assets of RMB84.6 million, purchase of property and equipment of RMB24.3 million, and payments for deposits of RMB16.4 million, partially offset by withdrawal of financial assets at FVTPL of RMB352.7 million.

Net Cash from Financing Activities

For the four months ended April 30, 2023, our net cash from financing activities was RMB27.0 million, which was primarily attributable to bank loans raised of RMB30.0 million. It was partially offset by repayments of lease liabilities of RMB2.2 million.

For the year ended December 31, 2022, our net cash from financing activities was RMB179.4 million, which was primarily attributable to remaining proceeds from issue of Series C shares of RMB183.6 million and proceeds from issue of paid-in capital to employee stock ownership platforms of RMB6.0 million. It was partially offset by repayments of lease liabilities of RMB5.8 million and **[REDACTED]** costs paid in connection with the proposed **[REDACTED]** and **[REDACTED]** of RMB**[REDACTED]** million.

For the year ended December 31, 2021, our net cash from financing activities was RMB793.0 million, which was primarily attributable to proceeds from issue of Series B+ shares of RMB427.8 million and proceeds from issue of Series C shares of RMB373.2 million in 2021. It was partially offset by repayments of lease liabilities of RMB4.8 million, and payments for transaction costs for the issue of Series B+ shares and Series C shares of RMB1.7 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)		*(Unaudited)*	
Costs relating to research and development of our Core Product				
Preclinical and CMC expenses	8,958	23,836	5,736	368
Clinical trial expenses	17,333	52,760	11,132	11,042
Salaries and related benefit costs	4,412	14,839	3,677	4,934
Costs of materials and consumables	8,633	7,890	1,342	2,885
Others	972	2,166	351	173
Costs relating to research and development of our other product candidates				
Preclinical and CMC expenses	43,796	32,792	10,009	8,555
Clinical trial expenses	24,286	42,907	5,941	12,549
Salaries and related benefit costs	22,116	34,578	10,066	14,476
Costs of materials and consumables	19,088	7,115	4,272	1,180
Others	4,010	5,560	685	1,030
Total	**153,604**	**224,443**	**53,211**	**57,192**
Workforce employment cost(1)	9,095	16,808	5,213	6,437
Direct production cost(2)	—	—	—	—
Non-income taxes, royalties and other governmental charges	—	—	—	—
Contingency allowances	—	—	—	—
Product marketing(3)	—	—	—	—

Notes:

(1) Workforce employment cost represents total non-research and development personnel costs mainly including salaries and benefits.

(2) We had not commenced commercial manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, internally generated funds, financial assets, the estimated net **[REDACTED]** from the **[REDACTED]** and our cash burn rate, which is the average monthly cash used in operations plus payments for property, plant and equipment, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, general, administrative and operating costs, for at least the next 12 months from the date of this document.

Our Directors believe that, by taking into account our cash and cash equivalents of RMB559.1 million as of April 30, 2023 and assuming that our cash burn rate going forward will be approximately 1.1 times of the cash burn rate for the year ended December 31, 2022, we can remain financially viable for approximately [34] months from April 30, 2023 if taking into account the estimated RMB**[REDACTED]** million of the net **[REDACTED]** from the **[REDACTED]** (based on the **[REDACTED]** of HK$**[REDACTED]** per H Share). We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

The following table sets forth our indebtedness by nature as of the dates indicated:

	As of December 31,		As of April 30,	As of June 30,
	2021	2022	2023	2023
	(in thousands of RMB)			*(Unaudited)*
Indebtedness:				
Borrowings	—	—	29,980	29,980
Lease liabilities	18,539	14,619	12,371	11,634
Financial liabilities at FVTPL	2,431,584	—	—	—
Total	**2,450,123**	**14,619**	**42,351**	**41,614**

Borrowings

In January 2023, we entered into a one-year credit facility agreement with a reputable commercial bank in China, which granted us a credit line in an aggregate amount of RMB100.0 million with the interest rate to be determined upon negotiations between the bank and us based on then prevailing loan prime rate. In March 2023, we further entered a one-year credit facility agreement with another reputable commercial bank in China, which granted us a credit line in an aggregate amount of RMB10.0 million with an effective interest rate of 3.10% per annum. As of June 30, 2023, the amount of unutilized credit facilities was RMB80.0 million.

Our credit facility agreements contained standard terms, conditions and covenants that were customary for commercial bank loans. Our Directors confirm that we had not experienced any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of April 30,	As of June 30,
	2021	2022	2023	2023
	(in thousands of RMB)			*(Unaudited)*
Lease liabilities (unsecured and unguaranteed):				
Current	5,096	5,599	4,250	4,826
Non-current	13,443	9,020	8,121	6,808
Total	**18,539**	**14,619**	**12,371**	**11,634**

The weighted average incremental borrowing rate applied to our lease liabilities was 4.75% during the Track Record Period. Also see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Current Assets and Current Liabilities — Lease Liabilities (current and non-current portions)."

Financial Liabilities at FVTPL

The aggregated proceeds we received from our various series of financings are recognized as financial liabilities at FVTPL (unsecured and unguaranteed). As of December 31, 2021, the carrying amount of our financial liabilities at FVTPL amounted to RMB2,431.6 million, which included the initial consideration received and subsequent fair value changes. As of December 31, 2022, April 30, 2023 and June 30, 2023, the carrying amount of our financial liabilities at FVTPL was nil, nil and nil, respectively. We no longer recorded any financial liabilities at FVTPL since January 31, 2022, as the investors' preferred rights in connection with our series of financings, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day. For further information regarding our financial liabilities at FVTPL, see note 27 to the Accountant's Report set out in Appendix IA to this document.

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of June 30, 2023.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase and maintain our property and equipment in order to enhance our development capabilities and expand our business operations. Historically, we have funded our capital expenditures mainly through private equity financings. The following table sets forth our capital expenditures for the periods indicated:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	2022	2022	2023
	(in thousands of RMB)		*(Unaudited)*	
Capital expenditures:				
Purchases of property and equipment .	24,282	23,224	15,401	1,046

We expect that our capital expenditures in 2023 and 2024 will be approximately RMB39.4 million and RMB45.3 million, respectively, which are primarily related to the construction of our manufacturing facilities as well as maintenance of our existing manufacturing capabilities. See the section headed "Future Plans and Use of **[REDACTED]**" for more details. We plan to fund our planned capital expenditures mainly through a combination of internal financial resources, the net **[REDACTED]** from the **[REDACTED]**, bank borrowings, funds from potential collaboration arrangements, revenue expected to be generated from sales of our products in the future and others. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors as appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2021, December 31, 2022 and April 30, 2023, we had capital commitments contracted, but not yet provided, of RMB36.0 million, RMB5.7 million and RMB4.9 million, respectively. Such capital commitments reflected capital expenditure we contracted for but not provided on acquisition of property and equipment in the historical financial information.

CONTINGENT LIABILITIES

As of December 31, 2021, December 31, 2022 and April 30, 2023, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We had not entered into any off-balance sheet transactions as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

As of December 31, 2021, December 31, 2022 and April 30, 2023, our related party transactions were compensation including grants of restricted shares to our key management personnel and grants of restricted shares to Dr. Yumei Ding, the spouse of our CEO and executive director Dr. Tian and currently a director of one of our subsidiaries. Dr. Ding, M.D., is a licensed medical practitioner with around 15 years of clinical experience in the U.S. She also conducted academic research in the field of immunology in several academic institutions. With a wealth of clinical experience, Dr. Ding is a member of Chinese American Independent Practice Association (CAIPA) and has established extensive networks and connections with practicing physicians. Given that our senior management team is mainly based in China, as we plan to expand our presence globally, we engaged Dr. Ding as our consultant in June 2021 to provide consulting services for our overseas business operations. In recognition of Dr. Ding's contribution, we appointed Dr. Ding as the director of Macroimmune, our U.S. subsidiary, in June 2023, upon which Dr. Ding ceased to be our consultant. As a former consultant of the Group and current director of Macroimmune, Dr. Ding has been reviewing business plans and development strategies, identifying challenges and opportunities in overseas market, supervising clinical development efforts in the U.S., liaising with physicians and other external partners, overseeing international business development efforts and **[REDACTED]** process, and in exchange for her services, we issued restricted shares to Dr. Ding. The amount of restricted shares issued to Dr. Ding is in line with those issued to our senior management, and we recognized RMB5.6 million, RMB6.0 million, and RMB0.7 million in 2021, 2022 and the four months ended April 30, 2023, respectively, for the expenses of the share-based payment for her compensation according to the accounting standard.

The remuneration of key management members of our Group during the Track Record Period was as follows:

	For the Year Ended December 31,		For the Four Months Ended April 30,	
	2021	**2022**	**2022**	**2023**
		(in thousands of RMB)		
			(Unaudited)	
Salaries and other benefits	3,676	11,142	2,608	4,769
Retirement benefits scheme contributions	170	466	93	194
Discretionary bonus	570	2,089	507	732
Share-based payments	12,330	84,859	20,442	25,803
Total	**16,746**	**98,556**	**23,650**	**31,498**

It is the view of our Directors that our related party transactions during the Track Record Period (i) were conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties, and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

Details of our transactions with related parties during the Track Record Period are set out in note 32 to the Accountants' Report in Appendix IA to this document.

MARKET RISK DISCLOSURE

The risks associated with our financial assets and liabilities include market risks, credit risk and liquidity risk. The market risks that we are exposed to primarily include currency risk, interest rate risk and other price risk. The Directors regularly review and agree policies for managing each of these risks and they are summarized below. For more details, see note 35 to the Accountants' Report set out in the Appendix IA to this document.

Currency Risk

Certain of our financial assets and liabilities are exposed to foreign currency risk. We did not have a foreign currency hedging policy against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For details, including relevant sensitivity analysis, see note 35b to the Accountants' Report set out in Appendix IA to this document.

Credit Risk

The carrying amounts of trade receivables, other receivables, amounts due from subsidiaries, bank balances and pledged bank deposits included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

Trade Receivables

For trade receivables, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses, or ECL. The ECL on trade receivables are assessed individually, based on the past default experience of the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period. Our Directors consider the ECL provision of trade receivables is insignificant as these balances are mainly due from a counterparty of good credit quality.

Other Receivables

For other receivables, we have applied 12-month ECL, or 12m ECL, in IFRS 9 to measure the loss allowance. The ECL on other receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each reporting period. Our Directors consider the ECL provision of other receivables is insignificant.

Bank Balances and Pledged Bank Deposits

The credit risk on bank balances and pledged bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. For further details, see note 35b to the Accountants' Report set out in Appendix IA to this document.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on issuance of ordinary shares as significant sources of liquidity. Our Directors are satisfied that we will have sufficient financial resources to meet our financial obligations as they fall due and to sustain our operations for the foreseeable future. For further details on our liquidity risk, see note 35b to the Accountants' Report set out in Appendix IA to this document.

DIVIDEND

We have never declared or paid any dividends on our ordinary shares or any other securities. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not intend to declare or pay any dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of April 30, 2023, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** million (including **[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per H Share), which represent **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**, assuming no Shares are issued pursuant to the **[REDACTED]**. The above **[REDACTED]** expenses are comprised of (i) **[REDACTED]**-related expenses, including **[REDACTED]**, of RMB**[REDACTED]** million, and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]** million, including (a) the legal advisors and the reporting accountants expenses of RMB**[REDACTED]** million, and (b) other fees and expenses, including sponsors fee, of RMB**[REDACTED]** million. In 2021, 2022 and the four months ended April 30, 2023, **[REDACTED]** expenses were RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million), RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million) and RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million), respectively, and the deferred issue costs were RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million), RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million) and RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million) respectively. We also adjusted RMB**[REDACTED]** million (approximately HK$**[REDACTED]** million) in **[REDACTED]** expenses in the four months ended April 30, 2023 from deferred issue costs recorded in 2021 and 2022, reflecting a decrease in our **[REDACTED]** expenses which were deducted from equity as of December 31, 2022. After April 30, 2023, approximately HK$**[REDACTED]** million is expected to be charged to our consolidated statements of profit or loss and other comprehensive expenses and approximately HK$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. For details on our **[REDACTED]** expenses, see note 11 and note 21 to the Accountants' Report set out in the Appendix IA to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for the purpose of illustrating the effect of the proposed **[REDACTED]** as if the **[REDACTED]** had taken place on April 30, 2023.

This unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company as of April 30, 2023 or at any further dates following the **[REDACTED]**.

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company is prepared based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as of April 30, 2023 as derived from the Accountants' Report set out in Appendix IA to this document and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at April 30, 2023	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at April 30, 2023	Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at April 30, 2023 per Share	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on the **[REDACTED]** of HK$**[REDACTED]** Per H Share	697,557	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets of our Group attributable to owners of our Company as at April 30, 2023 is the audited consolidated net assets of RMB697,557,000 attributable to owners of our Company as at April 30, 2023 as extracted from the Accountants' Report set out in Appendix IA to this document.

(2) The estimated net **[REDACTED]** from the **[REDACTED]** of the new H Shares pursuant to the **[REDACTED]** are based on **[REDACTED]** H Shares at the **[REDACTED]** of HK$**[REDACTED]** per H Share, after deduction of the estimated **[REDACTED]** and **[REDACTED]** and other **[REDACTED]** related expenses not yet recognised in profit or loss up to April 30, 2023. It does not take into account of (i) any Share which may be **[REDACTED]** and **[REDACTED]** upon the exercise of the **[REDACTED]**, or (ii) under the general mandates for the **[REDACTED]** and **[REDACTED]** of shares granted to the directors of our Company.

For the purpose of this unaudited **[REDACTED]** statement, the estimated net **[REDACTED]** from the **[REDACTED]**, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.9155, which was the exchange rate prevailing on August 12, 2023 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that **[REDACTED]** Shares were in issue assuming that the **[REDACTED]** had been completed on April 30, 2023 and it does not take into account of (i) any Share which may be **[REDACTED]** and **[REDACTED]** upon the exercise of the **[REDACTED]**, or (ii) under the general mandates for the **[REDACTED]** and **[REDACTED]** of shares granted to the directors of our Company.

(4) For the purpose of this unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB 1 to HK$ 1.0923, which was the exchange rate prevailing on August 12, 2023 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

(5) No adjustment has been made to the unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at April 30, 2023 to reflect any trading result or other transaction of our Group entered into subsequent to April 30, 2023.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since April 30, 2023 and up to the date of this document and there is no event since April 30, 2023 and up to the date of this document which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix IA to this document.

IMPACT OF THE COVID-19 OUTBREAKS

Since late 2019, COVID-19 has spread rapidly globally. We have employed various measures to mitigate any impact the COVID-19 outbreaks may have on our operations in China and the U.S. and the development of our drug candidates, including offering personal protection equipment such as masks to our employees, regularly checking the body temperature of our employees and closely monitoring their health conditions. After the initial outbreak in late 2019, from time to time, especially since late 2021 and throughout 2022, there had been scattered outbreaks of COVID-19 in multiple regions of China and various control measures were taken to contain the COVID-19 spread. In late 2022, China began to modify its COVID-19 policy, and most of the travel restrictions and quarantine requirements were lifted in December 2022.

The COVID-19 outbreaks since March 2022 in Shanghai and certain other regions in China and the quarantine measures taken to contain the spread did not have material impact on us, primarily because (i) the outbreaks only affected our clinical trial sites in certain regions for a limited period of time, such as Shanghai from March to May 2022, Henan province and Liaoning province in October 2022, whereas the clinical trial sites located in COVID-19 low-risk areas were not impacted; (ii) during late March to May 2022 when the quarantine measures were in place in Shanghai, we had several essential workers voluntarily stayed at our facilities to ensure the continued research and development and CMC activities, and for the same reason, manufacturing of our product candidates was not interrupted and was able to continuously support our clinical development activities; (iii) we had resumed daily operations since the beginning of June 2022 in a way that our office had reopened, our employees had returned to office, and our research, clinical development and CMC activities were fully recovered; since then and up to the Latest Practicable Date, we had not been subject to further suspension of our daily operations; (iv) for our drug candidates manufactured by CDMOs, we were informed that they were not severely affected by the outbreaks; (v) we had adequate raw materials for the continued manufacturing of our product candidates; and (vi) the construction of our manufacturing facilities was impacted due to the resurgence of COVID-19 in Shanghai; however, as we plan to work with our CMO/CDMO partners and reserve their manufacturing capacities in advance to meet the drug supply demands for pivotal trials and initial product launch of our product candidates, we expect limited impact of such potential delay on our operations and financial performance.

As we experienced temporary delays in subject enrollment and patient engagement activities due to the COVID-19 outbreaks, which reduced the number and availability of patients for a short time period, our operations for clinical trials have experienced slight disruptions and delays. However, our planned schedule of our clinical trials of our drug candidates have not been materially affected by such COVID-19 outbreaks. Considering that we are able to submit our IND applications in an electronic way and maintain open communication channels with the NMPA, the regulatory filings of our drug candidates were not affected by the COVID-19 outbreaks, either. Since December 2022, China has lifted substantially all of its restrictive measures nationwide, and we have resumed the normal operations and have been able to follow our planned schedule for our clinical trials and regulatory communications in China since then. The expected development progress of our drug candidates has taken into account the temporary delays and disruptions on our ongoing clinical trials and manufacturing capabilities caused by the previous COVID-19 outbreaks in Shanghai and certain other regions in China. However, as the COVID-19 outbreaks are with limited precedent, it is not possible to predict the impact on our business or our industry in a precise way.

In view of the above situation, our Directors confirmed that the COVID-19 outbreaks did not have a material adverse impact on our business operations and financial performance as of the Latest Practicable Date, as (i) there had been no material disruption of our ongoing clinical trials or research and development efforts; and (ii) we had not encountered any material supply chain disruption. We cannot foresee whether COVID-19 will have a material and adverse impact on our business going forward. See "Risk Factors — Key Risks Relating to Our Business, Business Operations, Intellectual Property Rights and Financial Prospects — The COVID-19 pandemic could adversely impact our business, including our clinical trials." We will closely monitor and evaluate any impact of such outbreak on us and adjust our precautionary measures according to its developments. We will also continue to monitor the COVID-19 situation as well as various regulatory and administrative measures adopted to prevent and control the outbreak.

RECENT DEVELOPMENTS

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

We have included our unaudited interim financial report prepared in accordance with IAS 34 as of and for the six months ended June 30, 2023 in "Appendix IB" to this document. Our unaudited condensed consolidated financial statements have been reviewed by our reporting accountants Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Review Engagements 2410. We have established an audit committee in compliance with the Corporate Governance Code. The members of the Board, including those of the audit committee, have received and reviewed an extract of the unaudited interim financial information of our Group for the six months ended June 30, 2023, as set out in Appendix IB to this Document. We are not in breach of our Articles of Association or laws and regulations of the PRC or other regulatory requirements regarding our obligation to publish and distribute interim reports and interim results announcements in accordance with the requirements under Rule 13.48(1) and Rule 13.49(6) of the

Hong Kong Listing Rules, respectively. Pursuant to the Note to Rule 13.48(1) and the Note to Rule 13.49(6) of the Hong Kong Listing Rules respectively, we do not intend to publish a separate interim report or a separate interim results announcement in respect of the six months ended June 30, 2023 under the aforementioned Rules. See "Appendix IB — Unaudited Condensed Consolidated Financial Statements of the Group as of and for the Six Months Ended June 30, 2023" for details. The following is a discussion of fluctuations of selected line items.

Revenue

Our revenue remained stable at RMB425 thousand and RMB86 thousand for the six months ended June 30, 2022 and 2023, respectively. We currently have no products approved for commercial sale and have not generated any revenue from product sales. Our revenue was generated mainly from sales of cell strain and other products, which were one-off in nature and not considered as our main business.

Other Income

Our other income increased by 51.0% from RMB4.2 million in the six months ended June 30, 2022 to RMB6.4 million in the six months ended June 30, 2023. The increase was primarily attributable to an increase of RMB1.3 million in bank interest income as we purchased more time deposits denominated in the U.S. dollars which enjoyed a higher interest rate.

Other Gains and Losses, Net

We recorded net other losses of RMB40.8 million in the six months ended June 30, 2022, while we recorded net other gains of RMB6.1 million in the six months ended June 30, 2023. The change was primarily attributable to a decrease of RMB55.5 million in loss from changes in fair value of financial liabilities at FVTPL due to the fact that we no longer recorded any financial liabilities at FVTPL since January 31, 2022, as our investors' preferred rights, including liquidation preferences, redemption rights and anti-dilution rights, were terminated on the same day; partially offset by a decrease of RMB8.9 million in net foreign exchange gains in the six months ended June 30, 2023, mainly due to a decrease in our net financial assets dominated in U.S. dollar, which had also slightly depreciated against Renminbi for the six months ended June 30, 2023.

Research and Development Expenses

Our research and development expenses increased by 10.1% from RMB116.4 million in the six months ended June 30, 2022 to RMB128.1 million in the six months ended June 30, 2023. The increase was primarily attributable to (i) an increase of RMB17.5 million in clinical trial expenses for IMM01, primarily in relation to the initiation of its combination trials with tislelizumab, as well as IMM2520, and (ii) an increase of RMB7.5 million in salaries and related benefit costs, mainly due to the expansion of our clinical team, in line with our continuous research and development efforts in advancing and expanding our pipeline drug candidates; partially offset by a decrease of RMB9.5 million in preclinical and CMC expenses, primarily due to a decrease of testing expenses for IMM2520, IMM40H and IMM47 in preparation for IND application filings.

Administrative Expenses

Our administrative expenses decreased by 11.7% from RMB46.7 million in the six months ended June 30, 2022 to RMB41.3 million in the six months ended June 30, 2023. The decrease was primarily attributable to a decrease of RMB8.1 million in non-cash share-based payments, resulting from a decrease in the number of restricted shares vested in the six months ended June 30, 2023; partially offset by an increase of RMB2.3 million in depreciation expenses, which was in line with the increases in our right-of-use assets, property and office equipment.

Loss for the Period

Our loss for the period decreased by RMB40.9 million from RMB211.7 million in the six months ended June 30, 2022 to RMB170.8 million in the six months ended June 30, 2023.

Gearing Ratio

Our gearing ratio (calculated by total liabilities divided by total assets) increased from 7.2% as of December 31, 2022 to 11.1% as of June 30, 2023 due to a decrease in our total assets, primarily due to a decrease of RMB95.9 million in our bank balances and cash, while our total liabilities increased, mainly resulting an increase of RMB30.0 million in our borrowings.

Business Review and Outlook

We are a science-driven biotechnology company dedicated to the development of immuno-oncology therapies. We are one of the few biotechnology companies globally adopting a systematic approach to harness both the innate and adaptive immune systems. We have developed a rich pipeline of 14 drug candidates with eight ongoing clinical programs, featured by a comprehensive innate-immunity-based asset portfolio. Our pipeline includes one Core Product, IMM01, an innovative clinical-stage CD47-targeted molecule, and 13 other drug candidates targeting CD47 and other novel immune checkpoints. Our pipeline reflects our extensive understanding into the frontiers of cancer biology and immunology, and our expertise in turning scientific research into drug candidates. We continue to advance the drug development targeting innate immune checkpoints in cancer and we believe that the introduction of these novel therapies into the field of cancer immunotherapy will lead to robust and durable treatment responses.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. In the six months ended June 30, 2022 and 2023, we had total comprehensive expenses of RMB211.7 million and RMB170.7 million, respectively. Our total comprehensive expenses mainly resulted from research and development expenses and administrative expenses. Our adjusted net loss (non-IFRS measure) was RMB148.8 million and RMB115.8 million in the six months ended June 30, 2022 and 2023, respectively. We define adjusted net loss (non-IFRS measure) as loss for the period adjusted by adding back loss from changes in fair value of financial liabilities at FVTPL, share-based payments and **[REDACTED]** expenses.

Moving forward, we plan to focus on the following key strategies for our business:

- To advance the development of our drug candidates to unleash their therapeutic potential and address significant unmet medical needs.
- To expand our global footprint and maximize the clinical and commercial value of our drug candidates through global clinical trials and accretive partnerships.
- To continuously enrich our innovative pipeline through fundamental biological research and translational medicine.
- To upscale our GMP-compliant manufacturing capacity.
- To enlarge our talent pool to support our continuous growth.

See "Business — Our Strategies" and "Future Plans and Use of **[REDACTED]**" for further details.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.