

## APPENDIX IA

## ACCOUNTANTS’ REPORT

*The following is the text of a report set out on pages I-1 to I-[64], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*

### **ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF IMMUNEONCO BIOPHARMACEUTICALS (SHANGHAI) INC., MORGAN STANLEY ASIA LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**

#### **Introduction**

We report on the historical financial information of ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (“宜明昂科生物醫藥技術(上海)股份有限公司”) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[4] to I-[64], which comprises the consolidated statements of financial position of the Group as at December 31, 2021 and 2022 and April 30, 2023, the statements of financial position of the Company as at December 31, 2021 and 2022 and April 30, 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2022 and the four months ended April 30, 2023 (the “**Track Record Period**”) and material accounting policies information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[3] to I-[61] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date, 2023] (the “**Document**”) in connection with the [REDACTED] shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### **Directors’ responsibility for the Historical Financial Information**

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

#### **Reporting accountants’ responsibility**

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

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

---

## APPENDIX IA

## ACCOUNTANTS’ REPORT

---

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at December 31, 2021 and 2022 and April 30, 2023, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended April 30, 2022 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

#### *Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

#### *Dividends*

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

**[Deloitte Touche Tohmatsu]**  
*Certified Public Accountants*  
Hong Kong  
**[REDACTED]**

---

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

---

**HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

**Preparation of Historical Financial Information**

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

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

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

APPENDIX IA

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,		Four months ended April 30,	
		2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue . . . . .	6	5,067	538	234	73
Other income . . . . .	8	10,381	14,657	2,397	3,062
Other gains and losses, net.	9	(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 . . . . .	10	(891)	(787)	(285)	(253)
Loss before tax . . . . .	11	(732,949)	(402,894)	(149,109)	(111,766)
Income tax expense . . . . .	12	—	—	—	—
<b>Loss for the year/period . .</b>		<b>(732,949)</b>	<b>(402,894)</b>	<b>(149,109)</b>	<b>(111,766)</b>
<b>Other comprehensive income</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations . . . . .		10	61	22	5
Total comprehensive expenses for the year/period . . . . .		<b>(732,939)</b>	<b>(402,833)</b>	<b>(149,087)</b>	<b>(111,761)</b>
<b>Loss per share</b>					
— Basic and diluted (RMB yuan) . . . . .	14	<b>(8.50)</b>	<b>(1.21)</b>	<b>(0.53)</b>	<b>(0.31)</b>

APPENDIX IA

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,		As at April 30,
		2021	2022	2023
		RMB’000	RMB’000	RMB’000
<b>Non-current assets</b>				
Property and equipment	16	52,026	69,830	66,057
Right-of-use assets	17	102,095	94,062	90,673
Other non-current assets	19	34,616	24,215	27,168
		<u>188,737</u>	<u>188,107</u>	<u>183,898</u>
<b>Current assets</b>				
Trade receivables	20	34	66	16
Prepayments and other receivables	21	27,528	16,593	16,509
Financial assets at fair value through profit or loss (“FVTPL”)	24	—	—	25,024
Pledged bank deposits	23	8,210	—	—
Bank balances and cash	23	668,326	635,212	559,086
		<u>704,098</u>	<u>651,871</u>	<u>600,635</u>
<b>Current liabilities</b>				
Trade and other payables	25	41,151	46,138	44,625
Lease liabilities	26	5,096	5,599	4,250
Financial liabilities at FVTPL	27	2,431,584	—	—
Borrowings	28	—	—	29,980
		<u>2,477,831</u>	<u>51,737</u>	<u>78,855</u>
<b>Net current (liabilities) assets</b>		<u>(1,773,733)</u>	<u>600,134</u>	<u>521,780</u>
<b>Total assets less current liabilities</b>		<u>(1,584,996)</u>	<u>788,241</u>	<u>705,678</u>
<b>Non-current liabilities</b>				
Lease liabilities	26	13,443	9,020	8,121
<b>Net (liabilities) assets</b>		<u>(1,598,439)</u>	<u>779,221</u>	<u>697,557</u>
<b>Capital and reserves</b>				
Paid-in capital	29	6,908	—	—
Share capital	29	—	356,093	356,093
Reserves		(1,605,347)	423,128	341,464
<b>Total (deficits) equity</b>		<u>(1,598,439)</u>	<u>779,221</u>	<u>697,557</u>

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

	NOTES	As at December 31,		As at April 30,
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property and equipment	16	52,026	69,830	66,057
Right-of-use assets	17	102,095	94,062	90,673
Investments in subsidiaries	18	135	135	135
Other non-current assets	19	34,616	24,215	27,168
		<u>188,872</u>	<u>188,242</u>	<u>184,033</u>
<b>Current assets</b>				
Trade receivables	20	34	66	16
Prepayments and other receivables	21	27,507	16,561	16,484
Amounts due from subsidiaries	22	10	1,958	2,273
Financial assets at FVTPL	24	—	—	25,024
Pledged bank deposits	23	8,210	—	—
Bank balances and cash	23	668,208	633,403	556,697
		<u>703,969</u>	<u>651,988</u>	<u>600,494</u>
<b>Current liabilities</b>				
Trade and other payables	25	40,774	45,672	43,656
Amount due to a subsidiary	22	270	—	—
Lease liabilities	26	5,096	5,599	4,250
Financial liabilities at FVTPL	27	2,431,584	—	—
Borrowings	28	—	—	29,980
		<u>2,477,724</u>	<u>51,271</u>	<u>77,886</u>
<b>Net current (liabilities) assets</b>		<u>(1,773,755)</u>	<u>600,717</u>	<u>522,608</u>
<b>Total assets less current liabilities</b>		<u>(1,584,883)</u>	<u>788,959</u>	<u>706,641</u>
<b>Non-current liabilities</b>				
Lease liabilities	26	13,443	9,020	8,121
<b>Net (liabilities) assets</b>		<u>(1,598,326)</u>	<u>779,939</u>	<u>698,520</u>
<b>Capital and reserves</b>				
Paid-in capital	29	6,908	—	—
Share capital	29	—	356,093	356,093
Reserves	30	(1,605,234)	423,846	342,427
<b>Total (deficits) equity</b>		<u>(1,598,326)</u>	<u>779,939</u>	<u>698,520</u>

APPENDIX IA

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Share premium	Capital reserve	Other reserve (Note)	Share-based payments reserve	Translation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021 . . . . .	5,542	—	—	395,971	(399,513)	3,123	(3)	(904,637)	(899,517)
Loss for the year . . . . .	—	—	—	—	—	—	—	(732,949)	(732,949)
Other comprehensive income for the year . . . . .	—	—	—	—	—	—	10	—	10
Total comprehensive income (expense) for the year	—	—	—	—	—	—	10	(732,949)	(732,939)
Issue of Series B+ shares (Note 27) . . . . .	806	—	—	426,993	—	—	—	—	427,799
Issue of Series C shares — first tranche (Note 27) . . . . .	560	—	—	372,616	—	—	—	—	373,176
Recognition of liabilities on Series B+ and C shares (Note 27) . . . . .	—	—	—	—	(800,975)	—	—	—	(800,975)
Recognition of equity- settled share-based payments (Note 31) . . . . .	—	—	—	—	—	34,017	—	—	34,017
As at December 31, 2021 . . . . .	6,908	—	—	1,195,580	(1,200,488)	37,140	7	(1,637,586)	(1,598,439)
Loss for the year . . . . .	—	—	—	—	—	—	—	(402,894)	(402,894)
Other comprehensive income for the year . . . . .	—	—	—	—	—	—	61	—	61
Total comprehensive income (expense) for the year	—	—	—	—	—	—	61	(402,894)	(402,833)
Issue of remaining Series C shares (Note 27) . . . . .	276	—	—	183,320	—	—	—	—	183,596
Recognition of liabilities on Series C shares (Note 27) . . . . .	—	—	—	—	(183,596)	—	—	—	(183,596)
Issue of paid-in capital to employee stock ownership platforms . . . . .	730	—	—	5,244	—	—	—	—	5,974
Reclassification of financial liabilities at FVTPL as equity (Note 27) . . . . .	—	—	—	—	2,670,690	—	—	—	2,670,690
Conversion into a joint stock company (Note 29) . . . . .	(7,914)	356,093	654,470	(1,384,144)	(1,286,606)	(41,493)	—	1,709,594	—
Recognition of equity-settled share-based payments (Note 31) . . . . .	—	—	—	—	—	103,829	—	—	103,829
As at December 31, 2022 . . . . .	—	356,093	654,470	—	—	99,476	68	(330,886)	779,221
Loss for the period . . . . .	—	—	—	—	—	—	—	(111,766)	(111,766)
Other comprehensive income for the period . . . . .	—	—	—	—	—	—	5	—	5
Total comprehensive income (expense) for the period . . . . .	—	—	—	—	—	—	5	(111,766)	(111,761)
Recognition of equity-settled share-based payments (Note 31) . . . . .	—	—	—	—	—	30,097	—	—	30,097
As at April 30, 2023 . . . . .	—	356,093	654,470	—	—	129,573	73	(442,652)	697,557

APPENDIX IA

ACCOUNTANTS’ REPORT

	Paid-in capital	Share capital	Share premium	Capital reserve	Other reserve (Note)	Share-based payments reserve	Translation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022 . . . . .	6,908	—	—	1,195,580	(1,200,488)	37,140	7	(1,637,586)	(1,598,439)
Loss for the period. . . . .	—	—	—	—	—	—	—	(149,109)	(149,109)
Other comprehensive income for the period . . . . .	—	—	—	—	—	—	22	—	22
Total comprehensive income (expense) for the period . . . . .	—	—	—	—	—	—	22	(149,109)	(149,087)
Issue of remaining Series C shares (Note 27). . . . .	276	—	—	183,320	—	—	—	—	183,596
Recognition of liabilities on Series C shares (Note 27) . . . . .	—	—	—	—	(183,596)	—	—	—	(183,596)
Issue of paid-in capital to employee stock ownership platforms . . . . .	730	—	—	5,244	—	—	—	—	5,974
Reclassification of financial liabilities at FVTPL as equity (Note 27) . . . . .	—	—	—	—	2,670,690	—	—	—	2,670,690
Conversion into a joint stock company (Note 29) . . . . .	(7,914)	356,093	654,470	(1,384,144)	(1,286,606)	(41,493)	—	1,709,594	—
Recognition of equity-settled share-based payments (Note 31) . . . . .	—	—	—	—	—	28,987	—	—	28,987
As at April 30, 2022 (unaudited) . . . . .	—	356,093	654,470	—	—	24,634	29	(77,101)	958,125

Note:

Other reserve mainly comprises recognition of financial liabilities at FVTPL on ordinary shares as disclosed in Note 27.



**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31,</b>		<b>Four months ended April 30,</b>	
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
<b>OPERATING ACTIVITIES</b>				
Loss for the year/period . . . . .	(732,949)	(402,894)	(149,109)	(111,766)
Adjustments for:				
Gain from changes in fair value of financial assets at FVTPL . . . . .	(1,598)	—	—	(218)
Loss from changes in fair value of financial liabilities at FVTPL . . . . .	511,517	55,510	55,510	—
Transaction costs for the issue of Investors’ Shares <i>(defined in Note 27)</i> . . . . .	1,714	—	—	—
Depreciation of property and equipment . . . . .	7,774	11,908	3,876	4,143
Depreciation of right-of-use assets . . . . .	5,402	5,709	1,877	3,389
Share-based payment expenses . . . . .	34,017	103,829	28,987	30,097
Bank interest income . . . . .	(1,640)	(9,505)	(2,170)	(2,928)
Finance costs . . . . .	891	787	285	253
Adjustments to <b>[REDACTED]</b> expenses . . . . .	—	—	—	3,853
Gain on disposal of property and equipment . . . . .	(555)	—	—	—
Gain arising on termination of a lease . . . . .	(165)	—	—	—
Net foreign exchange losses (gains).	9,128	(26,106)	(10,742)	1,039
Operating cash flow before movements in working capital . . . . .	(166,464)	(260,762)	(71,486)	(72,138)
Decrease (increase) in trade receivables . . . . .	12	(32)	(29)	50
(Increase) decrease in prepayments and other receivables . . . . .	(18,099)	10,224	(5,918)	(3,264)
(Increase) decrease in other non-current assets . . . . .	(13,642)	6,981	15,786	(2,953)
Increase (decrease) in trade and other payables . . . . .	7,652	4,879	8,628	(937)
<b>NET CASH USED IN OPERATING     ACTIVITIES . . . . .</b>	<b>(190,541)</b>	<b>(238,710)</b>	<b>(53,019)</b>	<b>(79,242)</b>

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
<b>INVESTING ACTIVITIES</b>				
Bank interest received . . . . .	1,577	8,580	2,170	2,984
Gains on financial assets at FVTPL . .	—	—	—	193
Proceeds on disposal of property and equipment . . . . .	575	—	—	—
Purchase of property and equipment .	(24,282)	(23,224)	(15,401)	(1,046)
Withdrawal of financial assets at FVTPL . . . . .	352,652	—	—	87,000
Purchase of financial assets at FVTPL	(329,000)	—	—	(112,000)
Payments for right-of-use assets . . . .	(84,553)	—	—	—
Payments for deposits for plant construction . . . . .	(16,418)	—	—	—
Payments for rental deposits . . . . .	(1,063)	(84)	—	—
Placement for pledged bank deposits .	(8,210)	—	—	—
Withdrawal of pledged bank deposits .	—	8,210	8,210	—
Withdrawal of deposits for plant construction . . . . .	—	6,567	—	—
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES . . . . .</b>	<b>(108,722)</b>	<b>49</b>	<b>(5,021)</b>	<b>(22,869)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issue of Series B+ shares . . . . .	427,799	—	—	—
Proceeds from issue of Series C shares . . . . .	373,176	183,596	183,596	—
Proceeds from issue of paid-in capital to employee stock ownership platforms . . . . .	—	5,974	5,974	—
Payments for transaction costs for the issue of Investors’ Shares . . . . .	(1,714)	—	—	—
Bank loans raised . . . . .	10	—	—	29,980
Repayments of bank loans . . . . .	(10)	—	—	—
Repayments of lease liabilities . . . . .	(4,772)	(5,803)	(1,517)	(2,248)
Issue costs paid . . . . .	(565)	(3,600)	(2,523)	(461)
Interest paid . . . . .	(891)	(787)	(285)	(253)
<b>NET CASH FROM FINANCING ACTIVITIES . . . . .</b>	<b>793,033</b>	<b>179,380</b>	<b>185,245</b>	<b>27,018</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .</b>	<b>493,770</b>	<b>(59,281)</b>	<b>127,205</b>	<b>(75,093)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD . . . . .</b>	<b>183,674</b>	<b>668,326</b>	<b>668,326</b>	<b>635,212</b>
Effect of foreign exchange rate changes . . . . .	(9,118)	26,167	10,769	(1,033)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD . . . . .</b>	<b>668,326</b>	<b>635,212</b>	<b>806,300</b>	<b>559,086</b>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the People’s Republic of China (the “PRC”) on June 18, 2015 as a limited liability company. On June 14, 2022, the Company was converted to a joint stock company with limited liability under the Company Law of the PRC. The respective address of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the document dated [REDACTED] (the “Document”).

The Group is a science-driven biotechnology group dedicated to the development of immuno-oncology therapies. Particulars and principal activities of the subsidiaries are disclosed in Note 37.

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

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB.

The statutory financial statements of the Company for the year ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by 上會會計師事務所(特殊普通合夥)/Shangkuai Certified Public Accountants (LLP)\*, CPA registered in the PRC.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRSs, amendments to IFRSs and the related interpretations issued by the IASB, which are effective for the accounting period beginning on January 1, 2023 throughout the Track Record Period.

**New and amendments to IFRSs in issue but not yet effective**

At the date of this report, the following new and amendments to IFRSs have been issued which are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2024

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

\* English name for identification purpose only

#### 4. 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 Rules Governing the Listing of Securities on the Main Board of the Stock Exchange 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, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based 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 equals the transaction price.

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

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

The principal accounting policies are set out below.

##### **Basis of consolidation**

The Historical Financial Information incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

---

## APPENDIX IA

## ACCOUNTANTS' REPORT

---

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

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

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

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

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

### **Investments in subsidiaries**

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

### **Revenue from contracts with customers**

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to 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 the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

---

## APPENDIX IA

## ACCOUNTANTS' REPORT

---

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

- the contract requires, or the customer reasonably expects, that the Group 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 the Group's 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, the Group accounts for the promise to grant a license as a performance obligation satisfied over time. Otherwise, the Group considers the grant of license as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the license is granted.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has 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 the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

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, the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group 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, the Group updates 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.

## APPENDIX IA

## ACCOUNTANTS' REPORT

Notwithstanding the above criteria, the Group 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, the Group assesses 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.

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

##### *Short-term leases and leases of low-value assets*

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

##### *Right-of-use assets*

The cost of right-of-use assets includes:

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



## APPENDIX IA

## ACCOUNTANTS' REPORT

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

### *Refundable rental deposits*

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

### *Lease liabilities*

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

The lease payments include:

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

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

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

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

### *Lease modifications*

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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



## APPENDIX IA

## ACCOUNTANTS' REPORT

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income.

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### Borrowing costs

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

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

---

## APPENDIX IA

## ACCOUNTANTS' REPORT

---

### **Government grants**

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

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

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

### **Employee benefits**

#### *Retirement benefit costs*

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

A subsidiary in the United States of America (the "USA") adopted a qualified defined contribution plan covering all its eligible employees. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Employees become eligible to participate in the plan on the first of the calendar month following the date the employee meets the eligibility requirements as defined. As defined by the plan, participants may contribute up to US\$19,500 of pretax annual compensation. Participants who reach age 50 may elect to make catch-up contributions US\$6,500. The subsidiary contributes matching contribution of 3% of each eligible participant's compensation.

#### *Short-term employee benefits*

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

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

### **Share-based payment**

#### *Equity-settled share-based payment transactions*

##### *Restricted shares ("RS") granted to employees and others providing similar services*

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end

## APPENDIX IA

## ACCOUNTANTS' REPORT

of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For RS that vest immediately at the date of grant, the fair value of the RS granted is expensed immediately to profit or loss.

When the RS are forfeited after the vesting date, the amount previously recognized in share-based payments reserve will be transferred to accumulated losses.

### *Modification to the terms and conditions of the share-based payment arrangements*

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognized immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

### **Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business

## APPENDIX IA

## ACCOUNTANTS' REPORT

combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

### **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

---

## APPENDIX IA

## ACCOUNTANTS' REPORT

---

qualifying assets, borrowing costs capitalised in accordance with the Group's 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 [REDACTED] and the carrying amount of the asset and is recognized in profit or loss.

### **Intangible assets**

#### ***Internally-generated intangible assets-research and development expenditure***

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

### **Impairment on property and equipment and right-of-use assets**

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

## APPENDIX IA

## ACCOUNTANTS' REPORT

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

### **Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.



---

## APPENDIX IA

## ACCOUNTANTS' REPORT

---

### Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the Historical Financial Information.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the Historical Financial Information in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

### *Financial assets*

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

---

## APPENDIX IA

## ACCOUNTANTS’ REPORT

---

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

*Derecognition of financial assets*

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire.

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

### **Financial liabilities and equity**

*Classification as debt or equity*

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

*Equity instruments*

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

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



## APPENDIX IA

## ACCOUNTANTS' REPORT

### *Financial liabilities*

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

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 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 the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 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 amortised cost*

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

#### *Derecognition of financial liabilities*

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled 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 amortised 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, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make 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.

**Critical judgments in applying accounting policies**

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

***Research and development expenses***

Development expenses incurred on the Group's drug product pipelines are capitalised and deferred only when the Group 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) the Group's intention to complete and the Group's 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. 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 capitalisation. During the Track Record Period, all research and development expenses are expensed when incurred.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**Key sources of estimation uncertainty**

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

***Fair value measurement of financial liabilities at FVTPL***

The Company issued series of shares to certain investors during the Track Record Period as set out in Note 27. The Group 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. As at December 31, 2021 and 2022 and April 30, 2023, the carrying amounts of financial liabilities at FVTPL were RMB2,431,584,000, nil and nil, respectively, as disclosed in Note 27.

**6. REVENUE**

Disaggregation of revenue from contracts with the customers:

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Types of goods or services</b>				
Out-licensing fee.....	4,717	—	—	—
Sales of cell strain and other products.	275	499	204	73
Testing services.....	75	39	30	—
	<u>5,067</u>	<u>538</u>	<u>234</u>	<u>73</u>
<b>Geographical market</b>				
The PRC.....	<u>5,067</u>	<u>538</u>	<u>234</u>	<u>73</u>
<b>Timing of revenue recognition</b>				
At a point in time.....	<u>5,067</u>	<u>538</u>	<u>234</u>	<u>73</u>

**Out-licensing fee**

In 2019, the Group out-licenses its patented intellectual property (“IP”) exclusively to a customer to develop and commercialize the IP in China (including Hong Kong, Macau and Taiwan).

The consideration for the out-licensing comprises an upfront fee of RMB2,358,000 and variable considerations as development milestones payments of RMB16,509,000 and sales-based royalties. Upfront fee is recognized as revenue only when the customer has ability to use the IP, and variable considerations are recognized when the customer has ability to use the IP and only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future. Variable considerations are not included in the transaction price in

## APPENDIX IA

## ACCOUNTANTS’ REPORT

accordance with the requirements for constraining estimates of variable consideration. As a result, as at December 31, 2021 and 2022 and April 30, 2023, after considering the constraint, there is no transaction price that would be allocated to unsatisfied performance obligations.

During the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023, milestone payment of RMB4,717,000, nil, nil (unaudited) and nil are recognized as revenue, respectively. As at December 31, 2021 and 2022 and April 30, 2023, the Group may receive remaining milestone payments up to an aggregate amount of RMB9,434,000, RMB9,434,000 and RMB9,434,000, respectively (excluding sales-based royalty arrangement in accordance with relevant contracts).

### **Sales of cell strain and other products**

Revenue from sales of cell strain and other products is recognized when the control of the relevant product is obtained by customers. To gain control over a product means to dominate the use of the product and gain almost all economic benefits from it. All sales of products are for a period of less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### **Testing services**

The Group earns revenues by providing testing services to its customers through fee-for-service contracts. Contract duration ranges from a few days to weeks. Services revenue are recognized at a point of time upon the customer obtains deliverables of the Group’s service. All testing services are for a period of less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## **7. SEGMENTS INFORMATION**

Operating segments are identified on the basis of internal reports about components’ of the Group that are regularly reviewed by the chief operating decision maker (“**CODM**”), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance.

During the Trade Record Period, the CODM reviews the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as set out in Note 4. Accordingly, the Group has only one single segment and no further analysis of the single segment is presented.

### **Geographical information**

As at December 31, 2021 and 2022 and April 30, 2023, all non-current assets are located in the PRC.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**Information about major customers**

Revenue from customers contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A.....	4,727	—	—	N/A
Customer B.....	—	151	N/A	8
Customer C.....	N/A	150	142	—
Customer D.....	N/A	98	33	—
Customer E.....	N/A	N/A	—	32
Customer F.....	N/A	N/A	—	11
Customer G.....	N/A	N/A	—	8

N/A: not disclosed as amounts less than 10% of total revenue

**8. OTHER INCOME**

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants (Note) .....	8,741	5,152	227	134
Bank interest income.....	1,640	9,505	2,170	2,928
	<u>10,381</u>	<u>14,657</u>	<u>2,397</u>	<u>3,062</u>

Note:

The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group’s research and development activities and financing activities.

**9. OTHER GAINS AND LOSSES, NET**

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss from changes in fair value of financial liabilities at FVTPL (Note 27).....	(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)
	<u>(518,347)</u>	<u>(29,436)</u>	<u>(44,771)</u>	<u>(834)</u>

APPENDIX IA

ACCOUNTANTS’ REPORT

10. FINANCE COSTS

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Interest on lease liabilities . . . . .	(891)	(787)	(285)	(226)
Interest on borrowings . . . . .	—	—	—	(27)
	<u>(891)</u>	<u>(787)</u>	<u>(285)</u>	<u>(253)</u>

11. LOSS BEFORE TAX

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Loss before tax for the year/period has been arrived at after charging:				
Depreciation of property and equipment . . . . .	7,774	11,908	3,876	4,143
Depreciation of right-of-use assets . . .	5,754	9,937	3,286	3,389
Total depreciation . . . . .	13,528	21,845	7,162	7,532
Capitalised in construction in progress . . . . .	(352)	(4,228)	(1,409)	—
	<u>13,176</u>	<u>17,617</u>	<u>5,753</u>	<u>7,532</u>
<b>[REDACTED]</b> expenses . . . . .	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>
Directors’ and supervisors’ emoluments (Note 13(a)) . . . . .	20,693	74,139	21,852	20,384
Other staff costs:				
— salaries and other benefits . . . . .	13,031	51,700	13,360	19,507
— discretionary bonus (Note) . . . . .	2,805	4,818	1,669	1,785
— retirement benefit scheme contributions . . . . .	2,091	3,951	1,003	1,707
— share-based payments . . . . .	19,141	38,505	10,058	12,568
	<u>57,761</u>	<u>173,113</u>	<u>47,942</u>	<u>55,951</u>

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

APPENDIX IA

ACCOUNTANTS’ REPORT

12. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% during the Track Record Period.

In November 2020, the 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, the Company enjoyed super deduction of 175% (subsequently raised to 200% from 2023 onwards) on qualifying research and development expenditures throughout the Track Record Period.

No provision for taxation in Hong Kong or the United States has been made as the Group’s income neither arises in, nor is derived from Hong Kong and the United States.

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

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Loss before tax . . . . .	(732,949)	(402,894)	(149,109)	(111,766)
Tax PRC EIT rate at 25% . . . . .	(183,237)	(100,723)	(37,277)	(27,942)
Tax effect of expenses that are not deductible for tax purpose . . . . .	130,453	14,011	13,902	67
Tax effect of super deduction on research and development expenses (Note) . . . . .	(18,576)	(29,448)	(6,585)	(9,435)
Tax effect of tax losses not recognized . . . . .	61,367	91,291	20,720	28,319
Tax effect of deductible temporary differences not recognized . . . . .	12,821	29,145	12,533	12,497
Utilisation of deductible temporary differences previously not recognized . . . . .	(2,828)	(4,276)	(3,293)	(3,506)
Income tax expense . . . . .	—	—	—	—

Note:

Pursuant to Caishui 2018 circular No. 99, the Company enjoys super deduction of 175% (subsequently raised to 200% from 2023 onwards) on qualified research and development expenditures throughout the Track Record Period.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

As at December 31, 2021 and 2022 and April 30, 2023, the Group has unused tax losses of RMB490,289,000, RMB922,710,000 and RMB1,077,205,000, respectively, and deductible temporary differences of RMB54,717,000, RMB154,194,000 and RMB190,158,000, respectively. No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
2023 .....	1	1	1
2024 .....	1	1	1
2025 .....	398	398	398
2026 .....	11,590	11,590	11,590
2027 .....	22,161	22,163	22,163
2028 .....	34,330	34,330	34,355
2029 .....	49,233	49,233	49,233
2030 .....	127,109	127,109	127,109
2031* .....	245,400	312,658	312,658
2032** .....	—	364,498	405,718
2033 .....	—	—	113,026
2034 and later .....	66	729	953
	<u>490,289</u>	<u>922,710</u>	<u>1,077,205</u>

\* The unused tax losses changed due to tax authority approved super deduction of 175% on additional quantified research and development expenditures in June 2022.

\*\* The unused tax losses changed due to tax authority approved super deduction of 175% on additional quantified research and development expenditures in May 2023.

**13. DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE OFFICER’S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS**

Details of the emoluments paid or payable to the individuals who were appointed as directors, supervisors and the chief executive officer of the Company during the Track Record Period are as follows:

**(a) Executive and non-executive directors and supervisors**

	Date of appointment	Salaries and other benefits		Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000				
<b>For the year ended December 31, 2021</b>							
<i>Executive director and chief executive officer:</i>							
Dr. TIAN. ....	June 18, 2015	—	2,048	200	57	6,042	8,347
<i>Executive director:</i>							
Mr. LI Song . . . . .	December 15, 2015	—	416	80	57	99	652
Ms. SONG Ziyi . . . . .	January 17, 2022	—	363	190	—	5,019	5,572



APPENDIX IA

ACCOUNTANTS’ REPORT

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non-Executive director:</i>							
Mr. YU Xiaoyong . . . . .	December 15, 2015	—	—	—	—	—	—
Mr. YU Zihua . . . . .	March 30, 2018	—	—	—	—	—	—
Dr. XU Cong. . . . .	October 14, 2020	—	—	—	—	—	—
<i>Director:</i>							
Dr. HUANG Cheng (Note v) . . . . .	October 14, 2020	—	1,168	211	57	322	1,758
<i>Independent non-executive director:</i>							
Dr. Zhenping Zhu . . . . .	August 3, 2016	—	—	—	—	—	—
<i>Supervisors:</i>							
Mr. GU Jiefeng . . . . .	March 1, 2016	—	—	—	—	—	—
Ms. TIAN Miao . . . . .	July 24, 2017	—	184	36	25	1,322	1,567
Ms. GUAN Mei (Note v) . . . . .	October 14, 2020	—	347	70	54	970	1,441
Mr. ZHAO Zimeng . . . . .	January 17, 2022	—	193	36	25	1,102	1,356
		—	4,719	823	275	14,876	20,693

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the year ended December 31, 2022</b>							
<i>Executive director and chief executive officer:</i>							
Dr. TIAN. . . . .	June 18, 2015	—	2,374	690	63	52,450	55,577
<i>Executive director:</i>							
Mr. LI Song . . . . .	December 15, 2015	—	684	100	63	49	896
Ms. SONG Ziyi . . . . .	January 17, 2022	—	1,429	262	15	10,963	12,669
<i>Non-Executive director:</i>							
Mr. YU Xiaoyong . . . . .	December 15, 2015	—	—	—	—	—	—
Mr. YU Zihua . . . . .	March 30, 2018	—	—	—	—	—	—
Dr. XU Cong. . . . .	October 14, 2020	—	—	—	—	—	—
<i>Director:</i>							
Dr. HUANG Cheng (Note v) . . . . .	October 14, 2020	—	1,279	—	46	(322)	1,003
<i>Independent non-executive director:</i>							
Dr. Zhenping Zhu . . . . .	August 3, 2016	—	—	—	—	—	—
Dr. Kendall A. Smith . . . . .	June 14, 2022	182	—	—	—	—	182
Mr. YEUNG Chi Tat. . . . .	June 14, 2022	140	—	—	—	—	140
<i>Supervisors:</i>							
Mr. GU Jiefeng . . . . .	March 1, 2016	—	—	—	—	—	—
Ms. TIAN Miao . . . . .	July 24, 2017	—	324	47	34	915	1,320
Ms. GUAN Mei (Note v) . . . . .	October 14, 2020	—	540	77	61	507	1,185
Mr. ZHAO Zimeng . . . . .	January 17, 2022	—	325	46	34	762	1,167
		322	6,955	1,222	316	65,324	74,139

APPENDIX IA

ACCOUNTANTS’ REPORT

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the four months ended April 30, 2022 (unaudited)</b>							
<i>Executive director and chief executive officer:</i>							
Dr. TIAN. . . . .	June 18, 2015	—	789	230	20	13,027	14,066
<i>Executive director:</i>							
Mr. LI Song . . . . .	December 15, 2015	—	224	33	20	26	303
Ms. SONG Ziyi . . . . .	January 17, 2022	—	452	83	5	4,713	5,253
<i>Non-Executive director:</i>							
Mr. YU Xiaoyong . . . . .	December 15, 2015	—	—	—	—	—	—
Mr. YU Zhihua . . . . .	March 30, 2018	—	—	—	—	—	—
Dr. XU Cong. . . . .	October 14, 2020	—	—	—	—	—	—
<i>Director:</i>							
Dr. HUANG Cheng (Note v) . . . . .	October 14, 2020	—	566	—	20	214	800
<i>Independent non-executive director:</i>							
Dr. Zhenping Zhu . . . . .	August 3, 2016	—	—	—	—	—	—
Dr. Kendall A. Smith . . . . .	June 14, 2022	—	—	—	—	—	—
Mr. YEUNG Chi Tat. . . . .	June 14, 2022	—	—	—	—	—	—
<i>Supervisors:</i>							
Mr. GU Jiefeng . . . . .	March 1, 2016	—	—	—	—	—	—
Ms. TIAN Miao . . . . .	July 24, 2017	—	105	16	9	370	500
Ms. GUAN Mei (Note v) . . . . .	October 14, 2020	—	177	26	19	271	493
Mr. ZHAO Zimeng . . . . .	January 17, 2022	—	105	15	9	308	437
		—	2,418	403	102	18,929	21,852

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the four months ended April 30, 2023</b>							
<i>Executive director and chief executive officer:</i>							
Dr. TIAN. . . . .	June 18, 2015	393	572	230	27	16,082	17,304
<i>Executive director:</i>							
Mr. LI Song . . . . .	December 15, 2015	—	268	33	22	2	325
Ms. SONG Ziyi . . . . .	January 17, 2022	—	714	89	5	1,216	2,024
<i>Non-Executive director:</i>							
Mr. YU Xiaoyong . . . . .	December 15, 2015	—	—	—	—	—	—
Mr. YU Zhihua . . . . .	March 30, 2018	—	—	—	—	—	—
Dr. XU Cong. . . . .	October 14, 2020	—	—	—	—	—	—
<i>Director:</i>							
Dr. HUANG Cheng (Note v) . . . . .	October 14, 2020	—	—	—	—	—	—

APPENDIX IA

ACCOUNTANTS’ REPORT

	Date of appointment	Director fees	Salaries and other benefits	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Independent non-executive director:</i>							
Dr. Zhenping Zhu . . . . .	August 3, 2016	—	—	—	—	—	—
Dr. Kendall A. Smith . . . . .	June 14, 2022	114	—	—	—	—	114
Mr. YEUNG Chi Tat . . . . .	June 14, 2022	87	—	—	—	—	87
<i>Supervisors:</i>							
Mr. GU Jiefeng . . . . .	March 1, 2016	—	—	—	—	—	—
Ms. TIAN Miao . . . . .	July 24, 2017	—	122	16	13	125	276
Mr. ZHAO Zimeng . . . . .	January 17, 2022	—	121	15	14	104	254
		594	1,797	383	81	17,529	20,384

Notes:

- (i) None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.
- (ii) During the Track Record Period, no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.
- (iii) The executive directors’, non-executive directors’ and supervisors’ emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company, respectively.
- (iv) The discretionary bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.
- (v) Dr. Huang Cheng was a director of the Company from October 14, 2020 till January 17, 2022, and he resigned from the Company in September 2022. Ms. GUAN Mei was a supervisor of the Company from October 14, 2020 till January 17, 2022.

**(b) Independent non-executive directors**

Dr. Zhenping Zhu was appointed as independent non-executive directors of the Company on August 3, 2016. Dr. Kendall A. Smith and Mr. Yeung Chi Tat were appointed as independent non-executive directors of the Company on June 14, 2022.

**(c) Five Highest Paid Individuals**

The five highest paid individuals of the Group included two, two, three (unaudited) and two directors of the Company for the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining, three, three, two (unaudited) and three highest paid individuals for the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023, respectively, are as follows:

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits . . . . .	1,415	5,458	598	2,367
Retirement benefit scheme contributions . . . . .	142	263	38	118
Discretionary bonuses ( <i>Note</i> ) . . . . .	218	851	83	318
Share-based payments . . . . .	4,696	19,903	2,675	8,064
	6,471	26,475	3,394	10,867

Notes:

Discretionary bonuses were determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

The emoluments of the five highest paid individuals for the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 (unaudited) and 2023 are within the following bands:

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees (unaudited)</i>	<i>No. of employees</i>
Nil to Hong Kong Dollars (“HK\$”)				
1,000,000. . . . .	—	—	1	—
HK\$1,000,001 to HK\$1,500,000 . . . . .	—	—	1	—
HK\$2,000,001 to HK\$2,500,000 . . . . .	—	—	—	1
HK\$2,500,001 to HK\$3,000,000 . . . . .	3	—	1	—
HK\$3,000,001 to HK\$3,500,000 . . . . .	—	—	—	1
HK\$3,500,001 to HK\$4,000,000 . . . . .	—	—	—	1
HK\$5,500,001 to HK\$6,000,000 . . . . .	—	—	—	1
HK\$6,000,001 to HK\$6,500,000 . . . . .	—	—	1	—
HK\$6,500,001 to HK\$7,000,000 . . . . .	1	—	—	—
HK\$7,500,001 to HK\$8,000,000 . . . . .	—	1	—	—
HK\$10,000,001 to HK\$10,500,000 . . . . .	1	—	—	—
HK\$10,500,001 to HK\$11,000,000 . . . . .	—	1	—	—
HK\$12,000,001 to HK\$12,500,000 . . . . .	—	1	—	—
HK\$14,500,001 to HK\$15,000,000 . . . . .	—	1	—	—
HK\$17,000,001 to HK\$17,500,000 . . . . .	—	—	1	—
HK\$19,500,001 to HK\$20,000,000 . . . . .	—	—	—	1
HK\$64,500,001 to HK\$65,000,000 . . . . .	—	1	—	—

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**14. LOSS PER SHARE**

The calculation of the basic and diluted loss per share is based on the following data:

	Year ended December 31,		Four months ended April 30,	
	2021	2022	2022	2023
			(unaudited)	
Loss for the purpose of calculating basic and diluted loss per share:				
Loss for the year/period attributable to the owners of the Company (RMB’000) . . . . .	(732,949)	(402,894)	(149,109)	(111,766)
Number of shares (’000):				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note i) . . . . .	86,183	331,794	282,183	356,093
Basic and diluted loss per share (RMB yuan) (Note ii) . . . . .	(8.50)	(1.21)	(0.53)	(0.31)

*Notes:*

- (i) Certain investors’ shares, which are recorded as Financial Liabilities at FVTPL in Note 27, are not treated as outstanding shares and thus are excluded in the calculation of basic loss per share until the redemption right was legally terminated on January 31, 2022. The Company was converted to a joint stock company on June 14, 2022, 356,092.695 ordinary shares with par value of RMB1 each were issued and allotted to the respective [REDACTED] of the Company according to the paid-in capital registered under these shareholders on that day. This [REDACTED] of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the capital contributions by the then shareholders and the number of ordinary shares.
- (ii) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2021 and the period from January 1, 2022 to January 31, 2022, the Company had certain investors’ shares which are potential ordinary shares. As the Group incurred losses for the years ended December 31, 2021 and 2022 and for the four months ended April 30, 2022 (unaudited) and 2023, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021 and 2022 and for the four months ended April 30, 2022 (unaudited) and 2023 are the same as basic loss per share for the respective years.

**15. DIVIDENDS**

No dividend was declared or paid by the Company during the Track Record Period.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**16. PROPERTY AND EQUIPMENT**

**The Group and the Company**

	Leasehold improvements	Machinery and equipment	Office equipment and fixtures	Vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>						
As at January 1, 2021 . . . . .	9,601	28,101	283	338	—	38,323
Additions . . . . .	754	11,675	551	7	14,490	27,477
Disposals . . . . .	(551)	(22)	(63)	—	—	(636)
Transfer . . . . .	11,266	—	—	—	(11,266)	—
As at December 31, 2021 . . . . .	21,070	39,754	771	345	3,224	65,164
Additions . . . . .	1,085	8,889	166	—	19,572	29,712
Transfer . . . . .	336	—	—	—	(336)	—
As at December 31, 2022 . . . . .	22,491	48,643	937	345	22,460	94,876
Additions . . . . .	—	113	10	—	247	370
As at April 30, 2023 . . . . .	22,491	48,756	947	345	22,707	95,246
<b>DEPRECIATION</b>						
As at January 1, 2021 . . . . .	950	4,599	198	233	—	5,980
Provided for the year . . . . .	3,036	4,625	59	54	—	7,774
Eliminated on disposals . . . . .	(550)	(12)	(54)	—	—	(616)
As at December 31, 2021 . . . . .	3,436	9,212	203	287	—	13,138
Provided for the year . . . . .	5,649	6,084	140	35	—	11,908
As at December 31, 2022 . . . . .	9,085	15,296	343	322	—	25,046
Provided for the period . . . . .	1,906	2,186	51	—	—	4,143
As at April 30, 2023 . . . . .	10,991	17,482	394	322	—	29,189
<b>CARRYING AMOUNT</b>						
As at December 31, 2021 . . . . .	17,634	30,542	568	58	3,224	52,026
As at December 31, 2022 . . . . .	13,406	33,347	594	23	22,460	69,830
As at April 30, 2023 . . . . .	11,500	31,274	553	23	22,707	66,057

The above items of property and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of the residual value, over the following period:

Leasehold improvements	Over the shorter of the relevant lease terms or 6 years
Machinery and equipment	7 years
Office equipment and fixtures	5 years
Vehicles	6 years

APPENDIX IA

ACCOUNTANTS’ REPORT

17. RIGHT-OF-USE ASSETS

The Group and the Company

	<u>Leased properties</u>	<u>Land use right</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Carrying amount</b>			
As at January 1, 2021 .....	8,816	—	8,816
Additions .....	15,320	84,553	99,873
Termination of lease .....	(840)	—	(840)
Depreciation charge for the year .....	(5,402)	(352)	(5,754)
As at December 31, 2021 .....	<u>17,894</u>	<u>84,201</u>	<u>102,095</u>
Additions .....	1,904	—	1,904
Depreciation charge for the year .....	(5,709)	(4,228)	(9,937)
As at December 31, 2022 .....	<u>14,089</u>	<u>79,973</u>	<u>94,062</u>
Depreciation charge for the period .....	(1,980)	(1,409)	(3,389)
As at April 30, 2023 .....	<u><u>12,109</u></u>	<u><u>78,564</u></u>	<u><u>90,673</u></u>

	<u>Year ended December 31,</u>		<u>Four months ended April 30,</u>	
	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(unaudited)	
Expenses relating to short-term leases and low-value leases .....	—	46	32	—
Total cash outflow for leases .....	<u>90,216</u>	<u>6,636</u>	<u>1,834</u>	<u>2,474</u>

During the Track Record Period, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 3 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group’s interests in land use right represent prepaid operating lease payments for land located in the PRC and the remaining lease term is 20 years.

As at December 31, 2021 and 2022 and April 30, 2023, the Group’s lease liabilities of RMB18,539,000, RMB14,619,000 and RMB12,371,000 are recognized with related right-of-use assets of RMB17,894,000, RMB14,089,000 and RMB12,109,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**18. INVESTMENTS IN SUBSIDIARIES**

**The Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of investments . . . . .	135	135	135

**19. OTHER NON-CURRENT ASSETS**

**The Group and the Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>34,616</u>	<u>24,215</u>	<u>27,168</u>

**20. TRADE RECEIVABLES**

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on the date of completion of service or delivery of goods at the end of each reporting period:

**The Group and the Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 30 days . . . . .	21	11	16
31–60 days . . . . .	3	6	—
61–120 days . . . . .	10	27	—
121–180 days . . . . .	—	22	—
	<u>34</u>	<u>66</u>	<u>16</u>

The Group normally grants a credit period of 30 days or a particular period agreed with customers effective from the date when the services have been completed or control of goods has been transferred to the customer and billed to the customer.

Details of the assessment on the provision of expected credit losses of trade receivables of the Group and the Company as at December 31, 2021 and 2022 and April 30, 2023 are set out in Note 35.



**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**21. PREPAYMENTS AND OTHER RECEIVABLES**

**The Group**

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
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
	<u>27,528</u>	<u>16,593</u>	<u>16,509</u>

**The Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Other receivables:			
Deposits for plant construction . . . . .	6,567	—	—
Deferred issue costs . . . . .	1,399	6,330	3,038
Interest receivables . . . . .	—	925	869
Others . . . . .	—	—	30
Prepayments for:			
Purchase goods and research and development services . . . . .	19,420	9,043	12,300
Others . . . . .	121	263	247
	<u>27,507</u>	<u>16,561</u>	<u>16,484</u>

**22. AMOUNTS DUE FROM SUBSIDIARIES/AMOUNT DUE TO A SUBSIDIARY**

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Amounts due from subsidiaries			
Immuneonco Hong Kong Limited . . . . .	—	1,199	1,276
Macroimmune Inc . . . . .	—	738	952
ImmuneOnco Pharmaceutical Biological (Shanghai) Co., Ltd.* 宜明昂科生物藥業(上海)有限公司 . . . . .	—	11	35
ImmuneTank Biopharmaceuticals (Shanghai) Co., Ltd.* (宜明探科生物醫藥技術(上海)有限公司). . . . .	10	10	10
	<u>10</u>	<u>1,958</u>	<u>2,273</u>
Amount due to a subsidiary			
ImmuneOnco Hong Kong Limited . . . . .	270	—	—
	<u>270</u>	<u>—</u>	<u>—</u>

\* The English name is for identification purpose only.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

The amounts are non-trade related in nature, unsecured, interest free and repayable on demand.

**23. BANK BALANCES AND CASH**

**The Group**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank . . . . .	668,326	635,212	559,086
Pledged bank deposits ( <i>Note</i> ) . . . . .	8,210	—	—
	<u>676,536</u>	<u>635,212</u>	<u>559,086</u>

The carrying amounts of the Group’s bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at the end of each reporting period are as follows:

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
US\$. . . . .	211,687	207,784	196,880
HK\$ . . . . .	—	35	11
	<u>211,687</u>	<u>207,819</u>	<u>196,891</u>

**The Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank . . . . .	668,208	633,403	556,697
Pledged bank deposits ( <i>Note</i> ) . . . . .	8,210	—	—
	<u>676,418</u>	<u>633,403</u>	<u>556,697</u>

*Note:* Pledged bank deposits represented the bidding deposits to get a guarantee letter issued by the bank for acquisition of a land use right, as disclosed in Note 17. The pledged deposits were released to the Group in May 2022.

Bank balances and cash denominated in currencies other than functional currency of the Company at the end of each reporting period are as follows:

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
US\$. . . . .	211,575	206,026	194,515
	<u>211,575</u>	<u>206,026</u>	<u>194,515</u>

Bank balances held by the Group and the Company carry interests at market rates ranging from 0.01% to 1.35%, 0.01% to 4.74% and 0.25% to 5.22% as at December 31, 2021 and 2022 and April 30, 2023, respectively.

APPENDIX IA

ACCOUNTANTS’ REPORT

24. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Structured deposits ( <i>Note i</i> ) . . . . .	—	—	25,024

Note: (i) The Group invested in financial products managed by a financial institution. The principal is guaranteed by the financial institution with an expected yield of 2.70% per annum as at April 30, 2023, and the actual yield to be received is uncertain until maturity. All investments have maturity date within one year and are classified as financial assets measured at FVTPL. The amount of fair value change for the four months ended April 30, 2023 is RMB24,000, and the Group adopts an income approach to value the assets as disclosed in Note 35.

25. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
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 [REDACTED] costs . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
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
	<u>41,151</u>	<u>46,138</u>	<u>44,625</u>

The Company

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
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 . . . . .	6,707	12,243	7,245
Accrued [REDACTED] costs . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Accrued [REDACTED] expenses . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Payables for property and equipment . . . . .	6,928	5,705	5,029
Other tax payables . . . . .	2,937	612	543
Others . . . . .	1,543	237	209
	<u>40,774</u>	<u>45,672</u>	<u>43,656</u>

The average credit period on purchases of goods/services of the Group is 45 days.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

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

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
0–30 days . . . . .	1,764	713	2,831
31–90 days . . . . .	—	481	—
91–180 days . . . . .	—	68	—
	<u>1,764</u>	<u>1,262</u>	<u>2,831</u>

**26. LEASE LIABILITIES**

**The Group and the Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Lease liabilities payable:</b>			
Within one year . . . . .	5,096	5,599	4,250
Within a period of more than one year but not exceeding two years . . . . .	5,997	3,392	2,584
Within a period of more than two years but not exceeding five years . . . . .	6,939	5,261	5,302
More than five years . . . . .	507	367	235
	<u>18,539</u>	<u>14,619</u>	<u>12,371</u>
Less: Amount due for settlement within 12 months shown as current liabilities . . . . .	<u>(5,096)</u>	<u>(5,599)</u>	<u>(4,250)</u>
Amount due for settlement after 12 months shown as non-current liabilities . . . . .	<u>13,443</u>	<u>9,020</u>	<u>8,121</u>

The weighted average incremental borrowing rates applied to the lease liabilities is 4.75% per annum for the Track Record Period.

**27. FINANCIAL LIABILITIES AT FVTPL**

In December 2015 and March 2016, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB30,000,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB1,448,000 (“**Series Pre-A Shares**”). The Company had received all investment funds for Series Pre-A Shares by February 2017.

In November 2017 and March 2018, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB90,000,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB950,000 (“**Series A Shares**”). The Company had received all investment funds for Series A Shares by April 2018.

## APPENDIX IA

## ACCOUNTANTS’ REPORT

In November 2019, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of RMB40,000,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB220,000 (“**Series Pre-B Shares**”). The Company had received all investment funds for Series Pre-B Shares by January 2020.

In June and August 2020, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB239,513,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB924,000 in total (“**Series B Shares**”). The Company had received all investment funds for Series B Shares by November 2020.

In February 2021, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of US\$65,467,000 (equivalent to RMB427,799,000) in the Company as consideration for subscription of the Company’s paid-in capital of RMB806,000 in total (“**Series B+ Shares**”). The Company had received all investment funds for Series B+ Shares by April 2021.

In December 2021, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of US\$87,500,000 (equivalent to RMB556,772,000) in the Company as consideration for subscription of the Company’s paid-in capital of RMB835,000 in total (“**Series C Shares**”). The Company had received investment funds of US\$58,600,000 (equivalent to RMB373,176,000) for part of the Series C Shares by December 31, 2021, representing paid-in capital of RMB560,000, and the remaining US\$28,900,000 (equivalent to RMB183,596,000), representing paid-in capital of RMB276,000, was received subsequently in January 2022.

On January 31, 2022, the liquidation preferences, redemption and anti-dilution feature attached to the Series Pre-A, Series A, Series Pre-B, Series B, Series B+ and Series C Shares (together as “**Investors’ Shares**”) were terminated. Financial liabilities at FVTPL were then derecognized and credited to equity.

The key terms of Investors’ Shares prior to the termination of the liquidation preferences, redemption and anti-dilution feature are summarized as follows:

### **Voting rights**

All shareholders, including the holders of ordinary shares and holders of Investors’ Shares, are entitled to vote together as a single class on a pro-rata basis.

### **Dividend rights**

The Group’s capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

No dividend or distribution, whether in cash, in property, or in any other shares of the Group, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless a dividend or distribution in like amount is likewise declared, paid, set aside or made at the same time with respect to each issued and outstanding payable of Investors’ Shares in cash when, as and if declared by the Group.

## APPENDIX IA

## ACCOUNTANTS' REPORT

### Liquidation preferences

In the event of any liquidation including deemed liquidation, dissolution or winding up of the Group, whether voluntary or involuntary (the "**Liquidation Event**"), the holders of Investors' Shares shall be entitled to receive the amount equal to 100% original investment amount limited by the Group's net assets and all proceeds derived from the Liquidation Event shall be distributed in the following order: (1) Series C Shares; (2) Series B+ Shares; (3) Series B Shares; (4) Series Pre-B Shares; (5) Series A Shares; (6) Series Pre-A Shares. The investors shall be entitled to receive the amount equal to the higher of (i) the original investment amount plus accumulated dividends or declared but undistributed dividends; and (ii) the net assets of the Group corresponding to its shareholding ratio, and limited by the Group's net assets.

In a sale event (as defined below), all consideration received by the Group or its shareholders as a result of the sale event shall also be distributed in accordance with the above scheme.

Sale event refers to an equity sale event or asset sale event. Equity sale event means a merger, acquisition or other similar transaction of the Group resulting in a change in control of the Group such that the shareholders prior to the occurrence of such event have less than 50% of their shares or voting rights in the surviving entity after the occurrence of such event. Asset sale event means that all or substantially all of the Group's assets are sold, transferred, leased or disposed of, or all or substantially all of the Group's intellectual property rights are exclusively licensed, sold or transferred to a third party.

### Anti-dilution rights

If the Company increases its paid-in capital at a price lower than the price paid by the investors of Investors' Shares on a per paid-in capital basis, the investors have a right to require the Company to issue more paid-in capital for nil consideration (or any other minimum price permitted by law) to the investors or the Company and the founder shall compensate the investors in cash, so that:

- (i) For Series Pre-A, Series A, Series Pre-B and Series B investors, the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.
- (ii) For Series B+ and Series C investors, adjusted in a weighted average manner, that is, the price per share invested in the Company by Series B+ and Series C investors will be equal to the new price per share calculated according to a pre-determined formula. The new price was calculation based on the price per paid-in capital, taking into account the re-designation of certain Series Pre-A, Series Pre-B and Series B Share into Series B+ and Series C shares in Series B+ and Series C financing.

### Redemption rights

Certain investors of Series B Shares, investors of Series B+ and Series C Shares shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including: (i) major violations of laws and regulations by the Group or ordinary shareholders of the Company, or major violations of transaction documents by the Group or ordinary shareholders of the Company, and failure to remedy such acts within 90 days from the date of receiving written notice from investors, or (ii) the Group or the founding shareholder repurchases the equity of other shareholders, except that the founding shareholders purchase the Company's equity held by any investor with assets beyond the limit of the redemption obligations or the Company repurchases the Company's equity according to the employee stock ownership plan approved by the board of directors. The repurchase price is the original investment from the investors plus a yield at 10% per annum. The redemption amount shall be distributed in the following order: (1) Series C Shares investors; (2) Series B+ Shares investors; (3) certain Series B Shares investors.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**Presentation and classification**

As at December 31, 2021, the Company recognized the Investors’ Shares issued to investors as financial liabilities at FVTPL and classified as current liabilities, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in “loss on changes in fair value of financial liabilities at FVTPL” in the consolidated statement of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the Investors’ Shares attributable to the change in credit risk of the Group is minimal.

The Company used back-solve method to determine the underlying share value of the Company 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. The address of AVISTA is Unit C, 23/F, Phase II, Sino-Ocean Tower, No. 618 East Yan An Road, Huangpu District, Shanghai, PRC.

In addition to the underlying share value of the Company determined by back-solve method, other key valuation assumptions used in OPM to determine the fair value are as follows:

	<b>As at December 31, 2021</b>
Time to liquidation . . . . .	0.67 years
Time to redemption . . . . .	0.67 years
Time to occurrence of sale event . . . . .	0.67 years
Time to conversion to joint stock company . . . . .	0.67 years
Risk-free interest . . . . .	2.26%
Possibilities under liquidation scenario . . . . .	5%
Possibilities under redemption scenario . . . . .	5%
Possibilities under occurrence of sale event scenario . . . . .	40%
Possibilities under conversion scenario . . . . .	50%
Volatility . . . . .	42.36%

APPENDIX IA

ACCOUNTANTS’ REPORT

The directors of the Company estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life of the ordinary shares with redemption obligations and close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The movements of the financial liabilities at FVTPL are set out below:

	Series Pre-A	Series A	Series Pre-B	Series B	Series B+	Series C	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021 . . . . .	305,280	337,077	85,159	391,576	—	—	1,119,092
Re-designation of Series Pre-A Shares to Series B+ Shares (Note i) . . . . .	(27,301)	—	—	—	27,301	—	—
Re-designation of Series B Shares to Series B+ Shares (Note ii) . . . . .	—	—	—	(25,461)	25,461	—	—
Re-designation of Series Pre-B Shares to Series B+ and Series C Shares (Note iii) . . . . .	—	—	(33,314)	—	9,263	24,051	—
Recognition of liabilities on Series B+ Shares (Note iv) . . . . .	—	—	—	—	427,799	—	427,799
Recognition of liabilities on Series C Shares (Note iv) . . . . .	—	—	—	—	—	373,176	373,176
Changes in fair value (Note v) . . . . .	115,534	118,670	23,021	62,455	180,590	11,247	511,517
As at December 31, 2021. . . . .	<u>393,513</u>	<u>455,747</u>	<u>74,866</u>	<u>428,570</u>	<u>670,414</u>	<u>408,474</u>	<u>2,431,584</u>
Recognition of liabilities on Series C Shares (Note iv) . . . . .	—	—	—	—	—	183,596	183,596
Changes in fair value (Note v) . . . . .	19,393	18,725	2,454	9,559	5,457	(78)	55,510
Reclassification of financial liabilities at FVTPL as equity (Note vi) . . . . .	(412,906)	(474,472)	(77,320)	(438,129)	(675,871)	(591,992)	(2,670,690)
As at December 31, 2022. . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Notes:

- (i) In April 2021, the Series Pre-A investors entered into share transfer agreements with Series B+ investors, according to which Series Pre-A Shares with carrying amount of RMB27,301,000 were transferred to Series B+ investors and re-designated as Series B+ Shares.
- (ii) In April 2021, the Series B Investors entered into share transfer agreements with Series B+ investors, according to which Series B Shares with carrying amount of RMB25,461,000 were transferred to Series B+ investors and re-designated as Series B+ Shares.
- (iii) In April and December 2021, the Series Pre-B investors entered into share transfer agreements with Series B+ and Series C investors, respectively, according to which Series Pre-B Shares with carrying amount of RMB9,263,000 were transferred to Series B+ investors and re-designated as Series B+ Shares, and Series Pre-B Shares with carrying amount of RMB24,051,000 were transferred to Series C investors and re-designated as Series C Shares.
- (iv) Recognizing liabilities on these shares debited equity of the Group, as presented in the consolidated statements of changes in equity.
- (v) Exchange gains and losses are included in changes in fair value.
- (vi) On January 31, 2022, the liquidation preferences, redemption and anti-dilution feature attached to the Series Pre-A, Series A, Series Pre-B, Series B, Series B+ and Series C Shares were terminated. Financial liabilities at FVTPL was then derecognized and credited to equity.





APPENDIX IA

ACCOUNTANTS’ REPORT

Notes:

- (i) In April 2021, the Company completed Series B+ financing with RMB427,799,000 invested into the Company, among which RMB806,000 was credited to the Company’s paid-in capital and the remaining balance was credited as capital reserve.
- (ii) In December 2021, the Company completed Series C financing, with the first tranche of RMB373,176,000 invested into the Company, among which RMB560,000 was credited to the Company’s paid-in capital and the remaining balance was credited as capital reserve. In January 2022, the remaining of Series C financing of RMB183,596,000 was invested into the Company, among which RMB276,000 was credited to the Company’s paid-in capital and the remaining balance was credited as capital reserve.
- (iii) In January 2022, Jiaying Changyu and Halo Investment II (the Company’s employee shareholding platforms disclosed in note 31) subscribed for the Company’s registered capital of RMB330,000 and RMB400,000, respectively.
- (iv) On June 14, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. A portion of the Company’s net assets as of January 31, 2022 was converted into 356,092,695 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company’s share premium.

30. RESERVES OF THE COMPANY

	Share premium	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2021 . . . . .	—	395,971	(399,513)	3,123	(904,585)	(905,004)
Loss and total comprehensive expenses for the year . . . . .	—	—	—	—	(732,881)	(732,881)
Issue of Series B+ Shares (Note 27) . . . . .	—	426,993	—	—	—	426,993
Issue of Series C Shares — first tranche (Note 27) . . . . .	—	372,616	—	—	—	372,616
Recognition of liabilities on Series B+ and C Shares (Note 27) . . . .	—	—	(800,975)	—	—	(800,975)
Recognition of equity-settled share-based payments (Note 31) .	—	—	—	34,017	—	34,017
As at December 31, 2021 . . . . .	—	1,195,580	(1,200,488)	37,140	(1,637,466)	(1,605,234)
Loss and total comprehensive expenses for the year . . . . .	—	—	—	—	(402,228)	(402,228)
Issue of remaining Series C shares. Recognition of liabilities on Series C shares (Note 27) . . . . .	—	183,320	—	—	—	183,320
Issue of paid-in capital to employee stock ownership platforms . . . . .	—	5,244	—	—	—	5,244
Reclassification of financial liabilities at FVTPL as equity (Note 27) . . . . .	—	—	2,670,690	—	—	2,670,690
Conversion into a joint stock company . . . . .	654,470	(1,384,144)	(1,286,606)	(41,493)	1,709,594	(348,179)
Recognition of equity-settled share-based payments (Note 31) .	—	—	—	103,829	—	103,829
As at December 31, 2022 . . . . .	654,470	—	—	99,476	(330,100)	423,846
Loss and total comprehensive expenses for the period . . . . .	—	—	—	—	(111,516)	(111,516)
Recognition of equity-settled share-based payments (Note 31) .	—	—	—	30,097	—	30,097
As at April 30, 2023 . . . . .	654,470	—	—	129,573	(441,616)	342,427

APPENDIX IA

ACCOUNTANTS’ REPORT

31. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

In recognition of the contributions of certain eligible employees, directors and consultants, the founder of the Company established an employee stock ownership platform, namely Jiaxing Changxian Enterprise Management Center (“**Jiaxing Changxian**”) in April 2016, to hold the Company’s paid-in capital of RMB345,000, which was transferred from the founder, to implement restricted shares (“**RS**”) scheme (“**Jiaxing Changxian RS Scheme**”). Under the Jiaxing Changxian RS Scheme, eligible employees, directors and consultants shall subscribe for partnership interest of Jiaxing Changxian at a consideration price ranges from RMB1 to RMB8.08 for RMB1 registered capital and indirectly hold the incentive shares of the Company.

Details of the restricted shares issued under the Jiaxing Changxian RS Scheme are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	<i>RMB’000</i>			
December 17, 2015 . . .	69	A director	100% on grant date	<i>Note i</i>
September 19, 2016 . . .	34	A director	50% on grant date; 25% one year after grant date; 25% two years after grant date	N/A
July 4, 2017 (cancelled in September 2021) . .	17	A consultant	20% on the grant date; 80% upon the achievement of certain performance conditions	N/A
February 3, 2020. . . . .	34	An employee	50% on the grant date; 50% five years after grant date, and the latter 50% with the achievement of certain performance conditions	<i>Note i</i>
January 31, 2021. . . . .	108	Employees	40% one year after grant date; 30% two year after grant date; 30% three year after grant date With the achievement of certain performance conditions	<i>Note i</i>

In March 2021, the founder of the Company established an employee stock ownership platform, namely Jiaxing Changyu Enterprise Management Center (“**Jiaxing Changyu**”), to hold the Company’s paid-in capital of RMB330,000, to implement RS scheme (“**Jiaxing Changyu RS Scheme**”).

Under the Jiaxing Changyu RS Scheme, eligible employees and directors shall subscribe for partnership interest of Jiaxing Changyu at a consideration of RMB8.21 for RMB1 registered capital and indirectly hold the incentive shares of the Company.

Details of the restricted shares issued under the Jiaxing Changyu RS Scheme are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	<i>RMB’000</i>			
June 29, 2021 . . . . .	174	Directors, employees	25% 22 months after grant date; 25% 34 months after grant date; 25% 46 months after grant date; 25% 58 months after grant date; With the achievement of certain performance conditions	<i>Note ii</i>
April 29, 2022 . . . . .	155	Directors, employees	25% 12 months after grant date;	<i>Note ii</i>

APPENDIX IA

ACCOUNTANTS’ REPORT

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	<i>RMB’000</i>			
September 8, 2022 . . .	8	A director	25% 24 months after grant date;	
September 28, 2022 . . .	6	A director	25% 36 months after grant date;	
December 31, 2022 . . .	1	A director	25% 48 months after grant date; With the achievement of certain performance conditions	

Notes:

- (i) Before the date of [REDACTED] (“[REDACTED]”), grantees, during their tenure, have a right to discuss with the executive partner of the platform or a third party designated by the executive partner to sell the RSs of not more than 30% of the vested shares at a price referring to the most recent post-investment valuation of the Company. If the grantees terminate the labor relationship with the Company, the executive partner of Jiaxing Changxian has the right to buy back the vested RSs from the grantees at original consideration plus interest at market rate of similar period or decide that the grantees to keep the RSs.
- (ii) Before the date of [REDACTED], grantees, during their tenure, have right to discuss with the executive partner of the platform or a third party designated by the executive partner to sell the RSs of not more than 30% of the vested shares at a price referring to the most recent post-investment valuation of the Company. If the grantees terminate the labor relationship with the Company, the executive partner of Jiaxing Changyu has the right to buy back the vested RSs from the grantees at original consideration plus interest at 5% of similar period or decide that the grantees keep to keep the RSs.

In October 2021, the founder of the Company established an employee stock ownership platform, namely Halo Biomedical Investment II Limited (“**Halo Investment II**”), to hold the Company’s paid-in capital of RMB400,000. Such employees and directors shall subscribe for partnership interest of Halo Investment II at a consideration of RMB8.21 for RMB1 registered capital and indirectly hold the incentive shares of the Company pursuant to their individual employment arrangements with the Group.

Details of the restricted shares issued through Halo Investment II are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
	<i>RMB’000</i>			
June 29, 2021 . . . . .	67	Dr. Yumei Ding <i>(note)</i>	50% upon the successful of [REDACTED]; 12.5% 19 months after grant date; 12.5% 31 months after grant date; 12.5% 43 months after grant date; 12.5% 55 months after grant date	N/A
June 20, 2021 . . . . .	26	Consultants	25% 19 months after grant date; 25% 31 months after grant date; 25% 43 months after grant date; 25% 55 months after grant date	N/A
July 26, 2021 . . . . .	67	A director	50% upon the successful of [REDACTED]; 12.5% 18 months after grant date; 12.5% 30 months after grant date; 12.5% 42 months after grant date; 12.5% 54 months after grant date	N/A
January 14, 2022 . . . . .	12	A director	50% upon the successful of [REDACTED]; 12.5% 12 months after grant date; 12.5% 24 months after grant date; 12.5% 36 months after grant date; 12.5% 48 months after grant date	N/A

APPENDIX IA

ACCOUNTANTS’ REPORT

Grant date	Amount of registered capital <i>RMB’000</i>	Grantee	Vesting schedule defined in contract term	Sell back rights/Repurchase rights
January 14, 2022. . . . .	229	A director and an employee	25% 12 months after grant date; 25% 24 months after grant date; 25% 36 months after grant date; 25% 48 months after grant date	N/A

*Note:* These RSs were granted to Dr. Yumei Ding, spouse of Dr. Tian, for her services provided to the Group, which constituted a related party transaction. The expenses recognized for the share-based payment transaction in the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023 were RMB5,628,000, RMB6,017,000, RMB3,234,000 (unaudited) and RMB733,000, respectively.

The following table summarized the movement of the Group’s unvested restricted shares:

	Unvested registered capital <i>'000</i>	Weighted average grant date fair value per registered capital <i>RMB</i>
Unvested as at January 1, 2021 . . . . .	33	56.18
Granted . . . . .	442	250.00
Vested . . . . .	(149)	227.83
Cancelled . . . . .	(1)	53.40
Unvested as at December 31, 2021 . . . . .	325	240.67
Granted . . . . .	396	406.39
Vested . . . . .	(180)	303.36
Unvested as at June 14, 2022, before conversion to a joint stock company ( <i>Note</i> ) . . . . .	541	340.83

*Note:*

The Company was converted to a joint stock company on June 14, 2022, 356,092,695 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day and following table to reflect the impact of the conversion. One registered share capital before the conversion represented 45 shares of the joint stock company:

	Unvested restricted shares <i>'000</i>	Weighted average grant date fair value per restricted shares <i>RMB</i>
Unvested as at June 14, 2022. . . . .	24,345	7.57
Granted . . . . .	675	10.15
Vested . . . . .	(6,750)	7.54
Forfeited . . . . .	(270)	6.25
Unvested as at December 31, 2022 . . . . .	18,000	7.70
Vested . . . . .	(3,915)	7.75
Unvested as at April 30, 2023 . . . . .	14,085	7.69

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**Fair value of RS**

The Group used the back-solve method to determine the underlying equity fair value of the Company. The fair value of RS at grant date was determined to be in the range from RMB14.52 to RMB464.85 per RMB1 registered capital, by referring to the equity fair value of the Company and the purchase price of the RS ranged from RMB1 to RMB8.21. The foresaid fair value of RS at date of grant was valued by directors of the Company with reference to valuation reports carried out by AVISTA.

The Group has recognized share-based payment expenses of RMB34,017,000, RMB103,829,000, RMB28,987,000 (unaudited) and RMB30,097,000 for the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023, respectively.

**32. RELATED PARTY TRANSACTIONS**

Except for the disclosed services with Dr. Yumei Ding in Note 31, the Group has the following transactions with its related parties during the Track Record Period.

**Compensation of key management personnel**

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

	<b>Year ended December 31,</b>		<b>Four months ended April 30,</b>	
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Salaries and other benefits . . . . .	3,676	11,142	2,608	4,769
Retirement benefits scheme contribution . . . . .	170	466	93	194
Discretionary bonus ( <i>Note</i> ) . . . . .	570	2,089	507	732
Share-based payments . . . . .	12,330	84,859	20,442	25,803
	<u>16,746</u>	<u>98,556</u>	<u>23,650</u>	<u>31,498</u>

*Note:* Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

**33. CAPITAL COMMITMENTS**

	<b>As at December 31,</b>		<b>As at April 30,</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure contracted for but not provided in the Historical Financial Information in respect of: — acquisition of property and equipment . .	<u>36,046</u>	<u>5,713</u>	<u>4,856</u>

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**34. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to investors through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes lease liabilities disclosed in Note 26, financial liabilities at FVTPL disclosed in Note 27 and borrowings disclosed in Note 28, net of bank balances and cash disclosed in Note 23 and equity attributable to owners of the Company, comprising paid-in capital, share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues or issue of new debt.

**35. FINANCIAL INSTRUMENTS**

**(a) Categories of financial instruments**

**The Group**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Financial assets</b>			
Amortised cost . . . . .	683,158	636,235	560,026
Financial assets at FVTPL . . . . .	—	—	25,024
	<u>683,158</u>	<u>636,235</u>	<u>585,050</u>
<b>Financial liabilities</b>			
Amortised cost . . . . .	31,130	32,817	65,848
Financial liabilities at FVTPL . . . . .	2,431,584	—	—
	<u>2,462,714</u>	<u>32,817</u>	<u>65,848</u>
<b>Lease liabilities</b> . . . . .	<u>18,539</u>	<u>14,619</u>	<u>12,371</u>

**The Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Financial assets</b>			
Amortised cost . . . . .	683,029	636,352	559,855
Financial assets at FVTPL . . . . .	—	—	25,024
	<u>683,029</u>	<u>636,352</u>	<u>584,879</u>
<b>Financial liabilities</b>			
Amortised cost . . . . .	31,400	32,817	65,848
Financial liabilities at FVTPL . . . . .	2,431,584	—	—
	<u>2,462,984</u>	<u>32,817</u>	<u>65,848</u>
<b>Lease liabilities</b> . . . . .	<u>18,539</u>	<u>14,619</u>	<u>12,371</u>

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**(b) Financial risk management objectives and policies**

The Group’s major financial assets and liabilities include trade receivables, other receivables, bank balances and cash, pledge bank deposits and financial assets at FVTPL, trade and other payables, lease liabilities, financial liabilities at FVTPL and borrowings. The Company’s major financial assets and liabilities include trade receivables, other receivables, amounts due from subsidiaries, amount due to a subsidiary, bank balances and cash, pledge bank deposits and financial assets at FVTPL, trade and other payables, lease liabilities, financial liabilities at FVTPL and borrowings. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risks, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk**

The Group’s and the Company’s activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group’s and the Company’s exposure to these risks or the manner in which it manages and measures the risks.

**(i) Currency risk**

Certain financial assets and liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

**The Group**

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>Assets</b>			
US\$. . . . .	211,709	207,817	196,904
<b>Liabilities</b>			
US\$. . . . .	791,014	—	—

**The Company**

	As at December 31,		As at April 30,
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>Assets</b>			
US\$. . . . .	211,575	206,026	194,515
<b>Liabilities</b>			
US\$. . . . .	791,014	—	—



**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

**Sensitivity analysis**

The following table details the Group’s and the Company’s sensitivity to a 5% increase and decrease in RMB against US\$, the foreign currency with which the Group and the Company may have a material exposure. 5% represents management’s assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A negative/positive number below indicates an increase/decrease in loss where RMB strengthens 5% against US\$. For a 5% weakening of RMB against US\$, there would be an equal and opposite impact on loss for the year.

	<b>Year ended December 31,</b>		<b>Four months ended April 30,</b>	
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
<b><i>Impact on profit or loss</i></b>				
<b>The Group</b>				
US\$. . . . .	28,965	(10,391)	(13,853)	(9,845)
<b>The Company</b>				
US\$. . . . .	28,972	(10,301)	(13,794)	(9,726)

*(ii) Interest rate risk*

The Group and the Company are primarily exposed to fair value interest rate risk in relation to term deposit (Note 23), lease liabilities (Note 26) and fixed-rate bank borrowings (Note 28) and cash flow interest rate risk in relation to bank balances (Note 23). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

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

*(iii) Other price risk*

The Group and the Company are exposed to other price risk arising from issue of Investors’ Shares, which were classified as financial liabilities at FVTPL as at December 31, 2021.

**Sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

If the equity value of the Company had been changed based on the 5% higher or lower, the Group’s and the Company’s post-tax loss for the year ended December 31, 2021 would increase by approximately RMB107,276,000 or decrease by approximately RMB107,877,000.

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

*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 the Group’s maximum exposure to credit risk in relation to its financial assets.

*Trade receivables*

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime 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. The expected credit loss rate of trade receivables as at December 31, 2021 and 2022 and April 30, 2023 were insignificant. Management considered 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, the Group has applied 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. The expected credit loss rate of other receivables as at December 31, 2021 and 2022 and April 30, 2023 were insignificant. Management considered the ECL provision of other receivables is insignificant.

*Amounts due from subsidiaries*

For amounts due from subsidiaries, the Group has applied 12m ECL to measure the loss allowance. In assessing the probability of defaults of amounts due from subsidiaries, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost or effort. The expected credit loss rate of amounts due from subsidiaries as at December 31, 2021 and 2022 and April 30, 2023 were all insignificant. Management considered the ECL provision of amounts due from subsidiaries 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.

The Group’s internal credit risk grading assessment comprises the following categories:

<u>Internal credit rating</u>	<u>Description</u>	<u>Trade receivables</u>	<u>Other financial assets</u>
Low risk. . . . .	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list . . . . .	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL

APPENDIX IA

ACCOUNTANTS’ REPORT

Internal credit rating	Description	Trade receivables	Other financial assets
Doubtful . . . . .	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss . . . . .	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL - credit-impaired
Write-off . . . . .	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	The Group			The Company		
				As at December 31, 2021	As at December 31, 2022	As at April 30, 2023	As at December 31, 2021	As at December 31, 2022	As at April 30, 2023
				Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount
				RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Financial assets at amortised cost</b>									
Trade receivables . . . . .	20	Low risk	Lifetime ECL — not credit-impaired	34	66	16	34	66	16
Other receivables . . . . .	21	Low risk	12m ECL	6,588	957	924	6,567	925	869
Amounts due from subsidiaries . . . . .	22	Low risk	12m ECL	—	—	—	10	1,958	2,273
Bank balances and pledged bank deposits . . . . .	23	N/A	12m ECL	676,536	635,212	559,086	676,418	633,403	556,697

**Liquidity risk**

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows. The Group relies on issuance of Investors’ Shares and ordinary shares and bank borrowings as significant sources of liquidity. The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due and to sustain its operations for the foreseeable future.

APPENDIX IA

ACCOUNTANTS’ REPORT

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>The Group</b>							
As at December 31, 2021							
Trade and other payables . . .	—	31,130	—	—	—	31,130	31,130
Financial liabilities at							
FVTPL . . . . .	—	1,200,488	—	—	—	1,200,488	2,431,584
Lease liabilities . . . . .	4.75	7,005	6,493	7,418	508	21,424	18,539
		<u>1,238,623</u>	<u>6,493</u>	<u>7,418</u>	<u>508</u>	<u>1,253,042</u>	<u>2,481,253</u>
As at December 31, 2022							
Trade and other payables . . .	—	32,817	—	—	—	32,817	32,817
Lease liabilities . . . . .	4.75	6,803	3,721	5,662	376	16,562	14,619
		<u>39,620</u>	<u>3,721</u>	<u>5,662</u>	<u>376</u>	<u>49,379</u>	<u>47,436</u>
As at April 30, 2023							
Trade and other payables . . .	—	35,868	—	—	—	35,868	35,868
Borrowings . . . . .	3.47	29,980	—	—	—	29,980	29,980
Lease liabilities . . . . .	4.75	6,275	3,100	4,710	239	14,324	12,371
		<u>72,123</u>	<u>3,100</u>	<u>4,710</u>	<u>239</u>	<u>80,172</u>	<u>78,219</u>
	Weighted Average effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>The Company</b>							
As at December 31, 2021							
Trade and other payables . . .	—	31,130	—	—	—	31,130	31,130
Amount due to a subsidiary .	—	270	—	—	—	270	270
Financial liabilities at							
FVTPL . . . . .	—	1,200,488	—	—	—	1,200,488	2,431,584
Lease liabilities . . . . .	4.75	7,005	6,493	7,418	508	21,424	18,539
		<u>1,238,893</u>	<u>6,493</u>	<u>7,418</u>	<u>508</u>	<u>1,253,312</u>	<u>2,481,523</u>
As at December 31, 2022							
Trade and other payables . . .	—	32,817	—	—	—	32,817	32,817
Lease liabilities . . . . .	4.75	6,803	3,721	5,662	376	16,562	14,619
		<u>39,620</u>	<u>3,721</u>	<u>5,662</u>	<u>376</u>	<u>49,379</u>	<u>47,436</u>
As at April 30, 2023							
Trade and other payables . . .	—	35,868	—	—	—	35,868	35,868
Borrowings . . . . .	3.47	29,980	—	—	—	29,980	29,980
Lease liabilities . . . . .	4.75	6,275	3,100	4,710	239	14,324	12,371
		<u>72,123</u>	<u>3,100</u>	<u>4,710</u>	<u>239</u>	<u>80,172</u>	<u>78,219</u>

APPENDIX IA

ACCOUNTANTS’ REPORT

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities (except for those set out below) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(i) Financial assets and liabilities measured at fair values on a recurring basis

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

	Notes	Fair value as at December 31,		Fair value as at April 30,	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
		2021	2022	2023				
		RMB’000	RMB’000	RMB’000				
<b>The Group and the Company</b>								
Financial assets at FVTPL . . .	24	—	—	25,024	Level 2	Discounted cash flows method, estimated based on expected return.	N/A	N/A
Financial liabilities at FVTPL . .	27	2,431,584	—	—	Level 3	Back-solve Model and OPM Model — the key inputs are: possibilities under different scenarios as disclosed in Note 27, risk free interest rate and volatility	Volatility 2021: 42%	The higher the volatility, the lower the fair value (Note)

Note: A 5% increase or decrease in volatility, while all other variables keep constant, would decrease or increase the carrying amount of financial liabilities as at December 31, 2021 by RMB1,428,000 and RMB1,449,000, respectively.

There were no transfers between different levels during the Track Record Period.

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

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

(iii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of Level 3 fair value measurement for Investors’ Shares is set out in Note 27. Fair value gains or losses on financial liabilities at FVTPL are included in “other gains and loss, net”.

(iv) Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or uses quoted forward exchange rates derived from quoted exchange rates matching maturities of the contracts at the end of each reporting period. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

APPENDIX IA

ACCOUNTANTS’ REPORT

36. RETIREMENT BENEFIT PLANS

The employees of the Group’s subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB2,349,000, RMB3,972,000, RMB1,105,000 (unaudited) and RMB1,546,000 for the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023, respectively.

37. PARTICULARS OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct equity interests in the following subsidiaries:

Name of subsidiaries	Place/country and date of establishment/ incorporation	Issued and fully paidin/registered capital	Equity interest attributable to the Company				Principal activities
			As at December 31,		As at April 30,	As at the date of this report	
			2021	2022	2023		
Macroimmune Inc. (Note i)	USA/ January 6, 2014	US\$20,000	100%	100%	100%	100%	Research, development and commercialization of innovative therapies
宜明探科生物醫藥技術(上海)有限公司 (ImmuneTank Biopharmaceuticals (Shanghai) Co., Ltd). * (Note ii)	The PRC/ February 5, 2018	—	100%	100%	100%	100%	Research, development and commercialization of innovative therapies
ImmuneOnco Hong Kong Limited (Note iii)	Hong Kong/ September 15, 2021	—	100%	100%	100%	100%	Research, development and commercialization of innovative therapies
宜明昂科生物藥業(上海)有限公司 (ImmuneOnco Pharmaceutical Biological (Shanghai) Co., Ltd). * (Note ii)	The PRC/ September 28, 2021	—	100%	100%	100%	100%	Research, development and commercialization of pharmaceutical drug

\* The English names are for identification purpose only

Notes:

- i No statutory financial statements were available, as there is no statutory audit requirement.
- ii The statutory financial statements of these subsidiaries for the year ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises and were audited by 上會會計師事務所(特殊普通合夥)/Shangkuai Certified Public Accountants (LLP), CPA registered in the PRC.
- iii The statutory financial statements of the subsidiary for the period from date of incorporation to December 31, 2022 were prepared in accordance with Hong Kong Financial Reporting Standards and were audited by Deloitte Touche Tohmatsu.

APPENDIX IA

ACCOUNTANTS’ REPORT

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	Financial liabilities at FVTPL	Accrued [REDACTED] costs	Borrowings	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at January 1, 2021 . . . . .	9,176	1,119,092	—	—	1,128,268
<b>[REDACTED] cost</b>					
accrued . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financing cash flow . . . . .	(5,663)	800,975	(565)	—	794,747
Fair value changes . . . . .	—	511,517	—	—	511,517
Finance costs . . . . .	891	—	—	—	891
New leases entered . . . . .	14,135	—	—	—	14,135
As at December 31, 2021 . . . . .	18,539	2,431,584	834	—	2,450,957
<b>[REDACTED] cost</b>					
accrued . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financing cash flow . . . . .	(6,590)	183,596	(3,600)	—	173,406
Fair value changes . . . . .	—	55,510	—	—	55,510
Finance costs . . . . .	787	—	—	—	787
New leases entered . . . . .	1,883	—	—	—	1,883
Reclassification of financial liabilities at FVTPL as equity . . . . .	—	(2,670,690)	—	—	(2,670,690)
As at December 31, 2022 . . . . .	14,619	—	2,165	—	16,784
<b>[REDACTED] cost</b>					
accrued . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financing cash flow . . . . .	(2,474)	—	(461)	29,953	27,018
Reversal on accrued [REDACTED] costs . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs . . . . .	226	—	—	27	253
As at April 30, 2023 . . . . .	12,371	—	948	29,980	43,299
As at December 31, 2021 . . . . .	18,539	2,431,584	834	—	2,450,957
<b>[REDACTED] cost</b>					
accrued (unaudited) . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financing cash flow (unaudited) . . . . .	(1,802)	183,596	(2,523)	—	179,271
Fair value changes (unaudited) . . . . .	—	55,510	—	—	55,510
Finance costs (unaudited) . . . . .	285	—	—	—	285
Reclassification of financial liabilities at FVTPL as equity (unaudited) . . . . .	—	(2,670,690)	—	—	(2,670,690)
As at April 30, 2022 (unaudited) . . . . .	17,022	—	1,624	—	18,646

---

**APPENDIX IA**

**ACCOUNTANTS’ REPORT**

---

**39. MAJOR NON-CASH TRANSACTIONS**

During the Track Record Period, the Group granted RS to certain employees, directors and consultants. Further details are given in Note 31.

During the Track Record Period, the Group entered into new lease agreements for office premises for 1 to 3 years. On the lease commencement, the Group recognized right-of-use assets amounted to RMB15,320,000, RMB1,904,000, nil (unaudited) and nil and lease liabilities amounted to RMB14,135,000, RMB1,883,000, nil (unaudited) and nil during the years ended December 31, 2021 and 2022 and the four months ended April 30, 2022 and 2023, respectively.

**40. SUBSEQUENT EVENTS**

There has been no significant event since the end of the Track Record Period.

**41. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to April 30, 2023 and up to the date of this report.