Immunotech Biopharm Ltd
永泰生物製藥有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6978)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board hereby announces the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

Other income increased by approximately RMB1.4 million or approximately 15.4% from approximately RMB9.1 million for the year ended 31 December 2022 to approximately RMB10.5 million for the year ended 31 December 2023.

Other gains and losses, net increased by approximately RMB70.2 million or approximately 193.4% from losses of approximately RMB36.3 million for the year ended 31 December 2022 to losses of approximately RMB106.5 million for year ended 31 December 2023.

Research and development expenses increased by approximately RMB1.1 million or approximately 0.6% from approximately RMB176.2 million for the year ended 31 December 2022 to approximately RMB177.3 million for the year ended 31 December 2023.

Administrative expenses decreased by approximately RMB44.5 million or approximately 45.5% from approximately RMB97.7 million for the year ended 31 December 2022 to approximately RMB53.2 million for the year ended 31 December 2023.

Loss before tax increased by approximately RMB14.4 million or approximately 4.5% from approximately RMB321.1 million for the year ended 31 December 2022 to approximately RMB335.5 million for the year ended 31 December 2023.

Loss and total comprehensive expenses for the year increased by approximately RMB14.4 million or approximately 4.5% from approximately RMB321.1 million for the year ended 31 December 2022 to approximately RMB335.5 million for the year ended 31 December 2023.

BUSINESS HIGHLIGHTS

Clinical trials

Non-genetically modified cell product pipeline

EAL®

EAL® is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application in the treatment of cancer. It is a preparation of activated and expanded T cells originally taken from a patient's autologous peripheral blood and cultured using the patented methods. The main active component of the product is $CD8^+$ cytotoxic T cells and its cell surface marker is the CD3 molecule.

EAL® is undergoing its Phase II clinical trial with the postsurgical recurrence of liver cancer selected as the clinical indication. Based on the Company's communications with the CDE, the Company may apply for marketing approval for EAL® indicated for the prevention of postsurgical recurrence of liver cancer using the interim results of the ongoing clinical trial or the final results at the end of the clinical trial if such results are satisfied. The Company may further communicate with the CDE to facilitate the assessment after obtaining clinical trial results that support the efficacy of EAL®. In September 2023, EAL® was granted breakthrough therapy designation for the prevention of postsurgical recurrence of liver cancer by the CDE. The designation was granted based on the solid clinical efficacy and safety data of EAL®. It will expedite the clinical development of EAL® and accelerate its early access to the patients. As at the date of this announcement, the Company has completed the enrolment of 430 targeted subjects for the Phase II clinical trial. The Company is confident that it will submit the NDA for the product to the NMPA in the second half of 2024 and hopefully will launch the product in 2025.

6B11-OCIK Injection

6B11-OCIK Injection is an injection of ovarian cancer autologous cytotoxic T Lymphocyte. 6B11 is the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9. The use of 6B11 can induce specific anti-ovarian cancer humoral and cellular immune antibodies in vitro, which can be cultured and proliferated in vitro (6B11-OCIK Injection) and infused back to the subject to achieve the purpose of specifically killing tumour cells.

As at the date of this announcement, the Company has completed the enrolment of six targeted subjects for the Phase I clinical trial for 6B11-OCIK Injection and has completed the preliminary analysis and the interim results of the ongoing clinical trial.

CAR-T cell product pipeline

CAR-T-19 Injection

The CAR-T-19 series forms the core of CAR-T cell product pipeline. The CAR-T-19 Injection product candidate has shown efficacy in a clinical study, and the IND application for the product candidate with B-cell acute lymphoblastic leukaemia (B-ALL) as the clinical indication was accepted for processing by the CDE in August 2019.

Following the IND approval, the Company has commenced the Phase I clinical trial process for the CAR-T-19 Injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing on 25 February 2021. In October 2023, the Company applied to the CDE for end-of-Phase I clinical trial meetings application and started the Phase II clinical trial work. As at the date of this announcement, the Company has completed the enrolment of five targeted subjects for the Phase II clinical trial for CAR-T-19 Injection. It is expected that the targeted patient enrolment will be completed and the preliminary analysis and results will be published in the first half of 2026.

Denocabtagene Ciloleucel Injection

Denocabtagene Ciloleucel Injection, originally known as RC19D2, CAR-T-19-D2 and CAR-T-19-DNR, targets immunosuppressive molecule TGF-ß, is an injection for the treatment of patients with relapsed and refractory diffuse large B-cell lymphoma. The injection has the goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence.

As at the date of this announcement, the Company has completed the enrolment of two targeted subjects for the Phase I clinical trial for the Denocabtagene Ciloleucel Injection. It is expected that the targeted enrolment will be completed in the year end of 2024 and the preliminary analysis and results will be published in the first half of 2025.

aT19 Injection

The active component of the aT19 Injection product candidate is autologous T cells genetically modified to express CD19. The gene introduced therein is an encoded gene structure that can express human CD19 protein. The reinfusion of the aT19 Injection after injecting the CAR-T-19 Injection has the potential to reactivate CAR-T cells, restart the proliferation of CAR-T cells, and induce more immune memory cells, thereby increasing the chance of killing trace amounts of residual CD19-positive tumour cells and of preventing recurrence. Through multiple stimulations from CD19 antigen, the number of CAR-T cells with immune memory function may also increase, thereby prolonging the immune surveillance duration of CAR-T cells and reducing the probability of recurrence of CD19-positive tumours. The aT19 Injection has certain commonality with the CAR-T-19 Injection product candidate (both of them are products based on the genetic modification by T cells via lentiviral vectors), so the previous process can be applied in the pharmaceutical process development, thereby shortening the product development period.

As at the date of this announcement, the Company has received an approval of the IND for the Phase I clinical trial from the CDE for the aT19 Injection. The Phase I clinical trial for the aT19 Injection is expected to start in 2024.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. The Company established single-cell sequencing-based technology platform to obtain different HLA-restricted TCR coding sequences for specific antigens. Subsequently, the TCR genes are inserted into the self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model. In this way, the Company intends to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA could be recognised.

To overcome the immunosuppressive mechanisms of tumours, the Company has constructed expression vectors that co-express TCR and CXCR3, IL-12, or TGF-ß DNR, and it plans to use transplanted tumour models to investigate their effects on the therapeutic effect of TCR-T cells, thereby laying the foundation for the development of the next generation of TCR-T cell products for the treatment of solid tumours.

The Company has a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target antigens including the HERV-E antigen expressed in clear cell renal cell carcinoma, and antigens derived from viruses such as CMV, EBV, HBV and HPV.

The Company entered into the license agreement with T-Cure on 11 January 2021. With the exclusive license in relation to retroviral-vectored TCR-based immunotherapy for renal cell carcinoma in HLA A-11 restricted human patients that was granted to the Group, the Company will gain an advantage in the treatment of renal cell carcinoma indication in the PRC.

Others

Completion of issue of Convertible Bonds

In February 2023, the Company completed issuance of the Convertible Bonds. The Convertible Bonds are secured by the security for the Company's payment obligations and the performance of Company's obligations in respect of the Convertible Bonds. The security includes the assets mortgage and the share mortgages.

Formation of joint venture

On 2 June 2022, Beijing Yongtai entered into a joint venture agreement with Shanghai NKY, a wholly-owned subsidiary of NKY Medical. NKY Medical is a listed company on the Shenzhen Stock Exchange (stock code: 300109) and is the parent company of one of the Company's pre-IPO investors, NKY Medical Hongkong Limited. Pursuant to the terms of the joint venture agreement, Beijing Yongtai and Shanghai NKY agreed to set up the JV Company in Shanghai for the purpose of accessing to the market of companion diagnostics for tumour treatment, targeting to provide products and services of companion diagnostics for tumour treatment.

The JV Company was set up on 27 July 2022. According to the articles of association of the JV Company, cash capital contribution of RMB7 million from Shanghai NKY and technology capital contribution of RMB3 million from Beijing Yongtai shall be paid before 30 June 2032. As at the date of this announcement, the JV Company has not opened a bank account, no capital contribution was received from the parties and the JV Company is in inactive status and no financial data has been recorded.

CORPORATE PROFILE

Overview

The Company is a leading cellular immunotherapy biopharmaceutical company in China focusing on the research, development, and commercialisation of T cell immunotherapy for almost 18 years. EAL® – its Core Product Candidate – is a multi-target cellular immunotherapy product with more than a decade of track record of clinical application, and has shown efficacy in the treatment of various types of cancer. EAL® – related research began in 2006, and the Company has improved upon the cell culture system and methods, and developed the proprietary, patented technology platform for the production of EAL® cells.

The Company selected the prevention of postsurgical recurrence of liver cancer as the clinical indication for the clinical trial of EAL®. It plans to submit the application for the commercialisation of EAL® in the PRC market after achieving statistically significant result for its clinical trials.

The product pipeline features major classes of cellular immunotherapy products, including both non-genetically-modified and genetically-modified products, as well as both multi-target and single-target products. Other than EAL®, the main product candidates include 6B11, the CAR-T cell series and the TCR-T cell series.

Composed of experienced cancer immunologists, the core technology team is equipped with industry foresight and sensitivity. The R&D organisational structure encompasses early research, pre-clinical studies, clinical studies, and commercialised production and management, allowing for rapid implementation of the product R&D efforts.

The Company has also established technology platforms necessary for the R&D of cellular immunotherapy products and in place an organisational and management platform for clinical trials.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

R&D of the product candidates

The following chart summarises the product candidates and their R&D status as at the date of this announcement:

Product Category		Product Code	Therapeutic Area	Indications	Early Research	Pre-clinical Studies	IND	Clinical Stage		NDA
								Clinical Phase I	Clinical Phase II/III	
Non-genetically Modified Products		EAL®	Solid Tumours	Liver cancer after surgery						
				Gastric cancer after surgery						
		6B11		Platinum resistant ovarian cancer (OC)						
Genetically Modified Products	CAR-T	CAR-T-19	Hematologic Malignancies	Relapsed/refractory B-cell acute lymphoblastic leukemia (r/r B-ALL) under 25 years of age						
		Denocabtagene Ciloleucel Injection		Relapsed or refractory diffuse large B-cell lymphoma						
		CAR-T-43	Hematologic Malignancies	T-cell acute lymphoblastic leukemia (T-ALL)						
	TCR-T	TCR-T-CMV	Post-transplantation Infections	CMV infection after hematopoietic stem cell transplantation						
		TCR-T-EBV		EBV infection after hematopoietic stem cell transplantation/ Chronic active EBV infection						
		TCR-T-HBV	Solid Tumours	HBV-related liver cancer						
		TCR-T-HPV		Cervical cancer						
		TCR-T-800		Clear cell renal cell carcinoma (ccRCC)						
	VAC	VAC-aT19	Hematologic Malignancies	Sequential CD19 CAR-T for relapsed or refractory B hematologic malignancies						

Non-genetically modified cell product pipeline

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As at the date of this announcement, the Company has completed the enrolment of 430 targeted subjects for the Phase II clinical trial. The Company is confident that it will submit the NDA for the product to the NMPA in the second half of 2024 and hopefully will launch the product in 2025.

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In December 2020, the Company received an approval of the IND for clinical trials of CAR-T-19 Injection from the CDE. Following the IND approval, the Company has commenced Phase I clinical trial process for the CAR-T-19 Injection and presented the Phase I clinical trial protocol and proposed timetable in a kick-off conference meeting, which took place in Beijing on 25 February 2021. In October 2023, the Company applied to the CDE for end-of-Phase I clinical trial meetings and started the Phase II clinical trial work. As at the date of this announcement, the Company has completed the enrolment of five targeted subjects for the Phase II clinical trial for CAR-T-19 Injection. It is expected that the targeted subjects enrolment will be completed and the preliminary analysis and results will be published in the first half of 2026.

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aT19 Injection

The active component of the aT19 Injection product candidate is autologous T cells genetically modified to express CD19. The gene introduced therein is an encoded gene structure that can express human CD19 protein. The reinfusion of the aT19 Injection after injecting the CAR-T-19 Injection has the potential to reactivate CAR-T cells, restart the proliferation of CAR-T cells, and induce more immune memory cells, thereby increasing the chance of killing trace amounts of residual CD19-positive tumour cells and of preventing recurrence. Through multiple stimulations from CD19 antigen, the number of CAR-T cells with immune memory function may also increase, thereby prolonging the immune surveillance duration of CAR-T cells and reducing the probability of recurrence of CD19-positive tumours. As at the date of this announcement, the Company has received an approval of the IND for the Phase I clinical trial from the CDE for the aT19 Injection in February 2024. The Phase I clinical trial for the aT19 Injection are expected to start in 2024.

Based on the technology of the CAR-T-19 Injection, the Denocabtagene Ciloleucel Injection and aT19 Injection product candidates have the ultimate goal of overcoming CAR-T cells' pain points in terms of the lack of persistence, the lack of efficacy in the treatment of solid tumours, and in the prevention of tumour recurrence. If verified, the technology underlying these two product candidates may be used in the genetic modification of other CAR-T and TCR-T cell products targeting solid tumours.

TCR-T cell product pipeline

TCR-T cell therapy is an immunotherapy based on the reinfusion of tumour antigen-specific T cells. The Company established single-cell sequencing-based technology platform to obtain different HLA-restricted TCR coding sequences for specific antigens. Subsequently, the TCR genes are inserted into the self-constructed lentiviral vector for transduction into T cells, and then the killing effect on tumour cells is confirmed by an in vitro and in vivo model. In this way, the Company intends to finally prepare a gene database for TCRs where different antigenic specificities presented by common HLA could be recognised.

To overcome the immunosuppressive mechanisms of tumours, the Company has constructed expression vectors that co-express TCR and CXCR3, IL-12, or TGF-ß DNR, and it plans to use transplanted tumour models to investigate their effects on the therapeutic effect of TCR-T cells, thereby laying the foundation for the development of the next generation of TCR-T cell products for the treatment of solid tumours.

The Company has a number of TCR-T cell product candidates under pre-clinical studies, with the relevant target antigens including the HERV-E antigen expressed in clear cell renal cell carcinoma, and antigens derived from viruses such as CMV, EBV, HBV and HPV.

The Company entered into the license agreement with T-Cure on 11 January 2021. With the exclusive license in relation to retroviral-vectored TCR-based immunotherapy for renal cell carcinoma in HLA A-11 restricted human patients that was granted to the Group, the Company will gain an advantage in the treatment of renal cell carcinoma indication in the PRC.

Cautionary statement required by Rule 18A.05 of the Listing Rules: the Company cannot guarantee that the Core Product Candidate and other product candidates will ultimately be successfully developed and marketed.

The Group's facilities

The Company has a total area of approximately 27,604 sq.m. for a R&D and manufacturing centre in Beijing, which includes a quality inspection building and clean laboratory. Such facilities are capable of supporting the pre-clinical and clinical R&D of cellular immunotherapy product candidates, as well as the early production needs upon marketing approval for the product candidates. All these facilities have been issued clean facility (area) inspection reports by the Beijing Institute for Drug Control. Leadman manufacturing shop and the Guosheng Laboratory in Beijing have the capacity to handle approximately 40,000 samples per year, and can satisfy the needs from the clinical trials for its product pipeline for two to three years, as well as the early production needs from the commercialisation of EAL®.

In order to expedite the clinical trials and prepare for the future commercialisation roadmap, the Company is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hour transportation radius for EAL®, namely:

- Northern China region:

  – On 17 June 2021, the commencement ceremony for the construction of the R&D and industrialisation base took place, which marked the official launch of the construction project of the Group's R&D and industrialisation base in Beijing. The expected investment for the Beijing production centre would amount to approximately RMB1.2 billion, which is expected to be financed by a bank loan. After completion, it is expected to reach an annual production capacity of over 200,000 batches of cells, covering the domestic Northern and Northeast markets in China.

- Eastern China region:

  – In February 2021, Beijing Yongtai entered into a cooperation framework agreement with the Shaoxing Binhai New Area Management Committee* (紹興濱海新區管理委員會) in relation to, among others, establishing the proposed R&D and production centre of EAL® for the Eastern China region, the proposed joint establishment of academician workstations with universities and research institutions in the PRC, the proposed land development regarding the project and the proposed establishment of the Industry Fund, targeted at the investments in the upstream and downstream industrial chain of, among other things, cellular immunotherapy. At present, the total investment for the project is expected to be approximately RMB1.0 billion. The first phase of construction of proposed R&D and production centre of EAL® for the Eastern China region is expected to complete within 48 months after obtaining the relevant land title certificate. As at the date of this announcement, the Group has started the construction of the production centre in Shaoxing.

  – On 11 May 2022, Shanghai Yongtai Immunobiological Products Co Ltd (上海永泰免疫生物製品有限公司) as the leasee, entered into a land use rights grant contract with Shanghai Songjiang Bureau of Planning and Natural Resources* (上海市松江區規劃和自然資源局) as the leasor, in relation to lease a land located in Shanghai Songjiang Industrial Area, with a total site area of approximately 21,848.6 sq.m. (the "**Land**"). The Land is for industrial use and the term of the land use right for the Land is 20 years from the delivery date of the Land. The Company intends to use the Land for R&D centre of the product candidates in Eastern China region.

Quality assurance

The Company has formulated the quality management documentation in accordance with GMP, covering production process procedures, product quality standards, equipment and facilities operation procedures, inspection procedures, sample retention and sampling management procedures, personnel training, environmental monitoring, verification and confirmation, deviation inspection, and quality risk control management procedures. The Company has standardised the selection, purchase, inspection, release, production process, inspection process, product storage, and transportation of the materials used in the products to ensure full compliance with relevant laws and regulations and GMP requirements. Under the Company's quality management procedures, final products can be released only after the quality inspection, in order to ensure that the products meet the relevant standards and intended use.

In particular, the production of EAL® has achieved standardisation. The Company has developed comprehensive standards in relation to the production process in order to ensure that the product is of consistent quality.

To ensure the final products meet the quality standards, all quality issues during the production process are documented, escalated to, and reviewed by senior management. The Company also conduct a formal risk assessment and justification in accordance with the standards and procedures under the quality management system and policies.

The head of the quality department reports directly to the CEO. There are two sub-teams within the quality department and they are responsible for quality assurance and quality control respectively. As at 31 December 2023, the Company had 46 staff members in the quality department.

Future and outlook

Expedite the clinical trial and prepare for commercialisation of EAL®

The company plans to fully promote the application, production and quality verification of the Phase II clinical trial of EAL®, with a view to accelerating registration and data collection, while preparing for future commercialisation.

Cellular immunotherapy products are subject to diminishing cell activity once taken out of the laboratory. As at the date of this announcement, the Company confirmed the sites in Beijing, Shaoxing and Shanghai to construct production centres. The Company is planning to establish R&D and production centres in densely-populated areas in China in view of the six-hour transportation radius for EAL®. After launching the EAL® product, the Company plans to build production centres in other major cities such as Guangzhou and Chengdu.

The first patient for the Phase II clinical trial for EAL® was enrolled in September 2018, and as at the date of this announcement, the Company has completed the enrolment of 430 targeted subjects for the Phase II clinical trial. The Company is confident that it will submit the NDA for the product to the NMPA in the second half of 2024 and hopefully will launch the product in 2025.

Expedite the research into the expansion of indications for EAL®

The Company intends to initiate clinical research on the expansion of indications for EAL®. Several clinical studies have shown the efficacy of EAL® in the treatment of various types of tumours other than liver cancer. After obtaining the marketing approval for EAL® indicated for liver cancer, the Company plans to expand its clinical indications to diseases such as lung cancer, gastric cancer, glioma and colorectal cancer. The Company is currently conducting a pre-clinical study of EAL® for gastric cancer as indication. The pharmacodynamics study has been completed and the pharmacology and toxicology studies are in progress. The Company expects to submit the clinical study application to the CDE after EAL® completes the approval of liver cancer indications.

According to the clinical application data of Guoqing Zhang et al from Chinese PLA General Hospital (中國人民解放軍總醫院), in respect of 84 patients with stage IIIc-IV gastric cancer consisting of 42 patients who received more than six EAL® infusions and 42 patients with concurrent control, the overall survival (OS) of the EAL® – treated group was 27.0 months, while that of the control group was 13.9 months. In another study by Guoqing Zhang et al on small cell lung cancer, there were 32 patients consisting of 16 for the EAL® – treated group and 16 for the control group. The patients in the EAL® – treated group were each treated with more than six EAL® infusions, and the OS in the EAL® – treated group was numerically longer than that in the control group.

Advance the pre-clinical studies for pipeline products, and accelerate their entry into clinical trials

The Company plans to continue to invest into the CAR-T and TCR-T cell product pipelines. In particular, in March 2023, the Company has obtained the clinical approval for the Denocabtagene Ciloleucel Injection from the NMPA. In February 2024, the Company has obtained the clinical approval for the aT19 Injection from the NMPA.

Clear cell renal cell carcinoma (ccRCC) is associated with the expression of Ct-RCC-1, a target antigen encoded by human endogenous retrovirus-e antigen (HERV-E). Tumour specific antigen is only expressed in cancer cells of patients with clear cell renal cell carcinoma, and hardly expressed in other tumours or normal tissues. The transfer of HERV-E TCR to normal human T cells by genetic modification can be applied to the treatment of clear cell renal cell carcinoma. The first product candidate in this category is the TCR-T-800.

Patients often suffer from viral infections after hematopoietic stem cell transplantation (HSCT)/solid organ transplant (SOT). Cytomegalovirus (CMV) infection is a major cause of morbidity and mortality among those patients and is one of the most common risk factors. By genetically transducing general T cells with TCR genes that specifically recognise CMV-associated antigens, there is a potential for the treatment of CMV infection-related malignancies. The first product candidate in this category is the TCR-T-CMV.

Enhance the technology platform and strengthen the product pipeline

The Company is committed to continuing its studies on cellular immunotherapy products appropriate for different tumour types and stages with improved efficacy compared to currently-available products.

In the area of neoantigens formed from tumour mutations in solid tumours, the Company intends to identify antigen-specific TCRs suitable for different individuals, with a view to ultimately constructing a gene database for TCRs targeting of tumour neoantigens in an effort to conduct research into molecule-specific TCR-T cell products for the treatment of solid tumours. In the area of malignant disease caused by viruses such as CMV, EBV, HBV and HPV, the Company is conducting research into TCR-T cell products targeting at cells expressing virus antigens.

Develop viral vector production and early-stage R&D services business

The Company established the viral vector production system, which it meets the pharmaceutical production quality standards under GMP requirements. The viral vectors that the Company has produced meet the requirements for biological products and can be produced in scale. At present, domestic CAR-T cells companies often order viral vectors from abroad.

Due to the high degrees of individualisation and the nature as biological active products, cellular immunotherapy products are subject to R&D carried out through a systematic technology platform covering cell preparation, cell quality control, cell potency studies, cell safety studies, etc. In the absence of such platform, the productisation of the cells would be difficult. Through the research on a variety of products, including non-genetically modified and genetically-modified cellular immunotherapy products, the Company has established a systematic technology platform for the R&D of cellular immunotherapy products, and it can provide customised services according to the needs of customers.

Expand strategic collaboration and explore acquisition opportunities on the basis of organic growth

Based on endogenous growth, the Company plans to expand strategic cooperation and explore mergers and acquisitions opportunities to seek the sale, technology transfer and strategic cooperation of existing and research products. The Company will also continue to seek new potential directions for the development of cellular immunotherapy products and explore opportunities for mergers and acquisitions and strategic cooperation.

FINANCIAL REVIEW

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Other income	**10,547**	9,087
Other gains and losses, net	**(106,458)**	(36,335)
Administrative expenses	**(53,223)**	(97,708)
Research and development expenses	**(177,326)**	(176,223)
Finance costs	**(8,519)**	(6,135)
Other expenses	**(500)**	(13,781)
Loss before tax	**(335,479)**	(321,095)
Income tax expense	**–**	–
Loss and total comprehensive expense for the year	**(335,479)**	(321,095)
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	**(334,819)**	(318,109)
Non-controlling interests	**(660)**	(2,986)
	(335,479)	(321,095)
Loss per share (RMB)		
Basic	**(0.65)**	(0.62)
Diluted	**(0.65)**	(0.62)

Other income

Other income of the Group increased by approximately 15.4% from approximately RMB9.1 million for the year ended 31 December 2022 to approximately RMB10.5 million for the year ended 31 December 2023, which was primarily due to the increase in government grants during the Reporting Period.

Set out below are the components of other income for the periods indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Income received from provision of cell cryopreservation services *(Note a)*	**710**	710
Income received from technical service	**590**	75
Interest income on bank deposits	**2,817**	3,011
Interest income on rental deposits	**192**	190
Government grants *(Note b)*	**6,216**	5,101
Others	**22**	–
Total	**10,547**	9,087

Note a: Cell cryopreservation is the process whereby cells are preserved by cooling to very low temperatures.

Note b: Government grants related to research and development activities, compensations of the capital expenditure from local PRC government.

Other gains and losses, net

Other gains and losses, net of the Group increased by approximately 193.4% from losses of RMB36.3 million for the year ended 31 December 2022 to losses of RMB106.5 million for the year ended 31 December 2023, which was primarily because of the change in fair value loss on financial assets at FVTPL which include the subscription of limited partner's interests in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業（有限合夥）) and Tasly Bioscience Fund, L.P. and fair value loss on other financial liability which is Convertible Bonds during the Reporting Period.

Business development expenses

The Company did not incur any business development expenses for the year ended 31 December 2023, which was primarily due to larger scale of Phase II clinical trial for EAL® based on which the Company has classified all the business development expenses relevant to such clinical trial to the R&D expenses.

Administrative expense

Administrative expense of the Group decreased by approximately 45.5% from approximately RMB97.7 million for the year ended 31 December 2022 to approximately RMB53.2 million for the year ended 31 December 2023, which was primarily due to the decrease in staff costs and professional fees.

The Group's administrative expenses primarily include staff costs, professional fees including fees paid to contractors and recruiters, depreciation expenses of the right-of-use assets for the leases, vehicles and office equipment, travel and hospitality fees and others.

Research and development expenses

Research and development expenses of the Group increased by approximately 0.6% from approximately RMB176.2 million for the year ended 31 December 2022 to approximately RMB177.3 million for the year ended 31 December 2023, which was primarily due to the increase on contracting costs and depreciation and amortisation partially offset by decrease on staff costs.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Materials for research and development project	**15,125**	17,347
Staff costs	**54,193**	76,027
Share Option	**–**	3,125
Contracting costs	**46,883**	31,317
Depreciation and amortisation	**41,849**	27,311
Service fee	**3,855**	5,520
Energy fee	**8,464**	9,241
Others	**6,957**	6,335
Total	**177,326**	176,223

Finance costs

Finance costs of the Group increased by approximately 39.3% from approximately RMB6.1 million for the year ended 31 December 2022 to approximately RMB8.5 million for the year ended 31 December 2023, which was primarily due to the increase in interest expenses on lease liability recognised pursuant to IFRS 16.

Other expenses

Other expenses of the Group decreased by approximately 96.4% from approximately RMB13.8 million for the year ended 31 December 2022 to approximately RMB0.5 million for the year ended 31 December 2023, which was primarily due to the decrease in issue costs for the Convertible Bond.

Loss before tax

For the above reasons, the loss before tax of the Group increased by approximately 4.5% from approximately RMB321.1 million for the year ended 31 December 2022 to approximately RMB335.5 million for the year ended 31 December 2023.

Income tax expenses

For the year ended 31 December 2023, the Company is not subject to any income tax in the Cayman Islands. No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Hong Kong subsidiary, which was subject to Hong Kong profit tax during the Reporting Period. The subsidiaries located in the PRC, were generally subject to the statutory enterprise income tax at a rate of 25% on the assessable profits according to the PRC Enterprise Income Tax Law. Beijing Yongtai, one of the PRC subsidiaries, was accredited as a High And New Technology Enterprise for a three-year period commencing from 31 October 2018 and it was accredited as a High And New Technology Enterprise again for a three-year period on 17 December 2021. Yongtai Ruike was also accredited as a High And New Technology Enterprise for a three-year period commencing from 20 December 2023. Accordingly, Beijing Yongtai and Yongtai Ruike enjoyed a lower tax rate of 15% during the Reporting Period.

Liquidity and capital resources

The bank balances and cash decreased by approximately RMB6.2 million from approximately RMB58.4 million at 31 December 2022 to approximately RMB52.2 million at 31 December 2023, which was primarily due to the consumption of cash for R&D.

On 20 February 2023, the issuance of the Convertible Bonds was completed and the Company received the aggregate principle amount of RMB300 million. Details are set out in the Company's announcement dated 20 February 2023.

Indebtedness

Lease liabilities

As at 31 December 2023, the lease liabilities were approximately RMB130.3 million. The lease liabilities were secured by rental deposits and unguaranteed.

Contingent liabilities, charge of assets and guarantees

In February 2023, the Company completed issuance of the Convertible Bonds. The Convertible Bonds are secured by the security for the Company's payment obligations and the performance of Company's obligations in respect of the Convertible Bonds. The security includes the assets mortgage and the share mortgages. The assets mortgage includes the mortgage of: (1) a land use right; and (2) other pledged assets including certain equipment and financial assets at fair value through profit or loss, of the Group. The share mortgages include the Shares charged by Tan Zheng Ltd and Tan Yue Yue Ltd under the transaction documents, which amounts to 19,285,714 Shares held by Tan Zheng Ltd and 6,714,286 Shares held by Tan Yue Yue Ltd.

Save as disclosed above, the Company did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, loans, borrowings, lease liabilities, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities as at 31 December 2023.

CAPITAL STRUCTURE

The Shares were listed on the Main Board of the Stock Exchange on 10 July 2020, and 100,000,000 Shares were issued at the offer price of HK$11.00 per share by way of Global Offering.

Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised by the joint representatives, on behalf of the international underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the over-allotment option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the stock borrowing agreement which were used to cover over-allocations in the international offering. There was no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares. As at 31 December 2023, the total issued share capital of the Company was US$514,584 divided into 514,584,000 Shares.

The capital structure of the Group was 79.8% debt and 20.2% equity as at 31 December 2023, compared with 42.4% debt and 57.6% equity as at 31 December 2022.

Completion of issue of Convertible Bonds under specific mandate

On 20 February 2023, the Board announces that all the conditions precedent under the Subscription Agreement have been fulfilled that the Convertible Bonds in the aggregated principal amount of RMB300 million have been issued to the Investor. The Convertible Bonds are convertible into the Company's ordinary shares of US$0.001 each at an initial Conversion Price of HK$4.81 per Conversion Share (subject to adjustments). The Conversion Shares has been issued by the Company pursuant to the specific mandate granted to the Directors at the extraordinary general meeting held on 11 January 2023 which authorised the Company to issue and allot up to 68,493,150 Shares to the Investor. The interest rate is 6% per annum on the outstanding principal amount of the Convertible Bonds. Such interest shall accrue on a daily basis and shall be payable in arrears by the Company on the first anniversary, second anniversary and the maturity date.

The reasons for the issue of Convertible Bonds are as follows: the Company is in need of capital for its operation and R&D of pipeline and commercialisation of its products. The Company wants to seek an experienced and reputable business partner in the industry to assist its R&D and commercialisation of its products. As the Investor was one of the cornerstone investors of the Listing and is familiar with the business of the Company, the Directors consider the issue of the Convertible Bonds to raise funds will provide an opportunity for the Company to enhance its working capital and financial position and support the business development of the Group. They also consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an

immediate dilution effect on the shareholding of the existing Shareholders. The Company has considered alternative financing methods such as internal cash resources or bank financing that was available to the Company. Given that the Company is currently still in pre-revenue stage, most commercial banks in the PRC were only available to provide fundings under the condition that the Company has achieved positive cash flow. Taking into consideration the prevailing market condition, the financial position of the Group, and the Company's funding needs for its operation, R&D and commercialisation of its products, the Directors consider that it is a prudent way to issue the Convertible Bonds, even the Shareholders may suffer dilution effects under the Convertible Bonds upon conversion of the Conversion Shares (if any).

Details of the Convertible Bonds are set out in the circular of the Company dated 16 December 2022.

In February 2023, the Company received the aggregate principal amount of RMB300 million, of which (a) approximately RMB102.3 million will be applied for EAL® clinical trial and the Company is expected to utilise the said fund by the end of 2023; and (b) approximately RMB197.7 million will be applied for the construction costs of new R&D and production centres and the Company is expected to utilise the remaining fund by the end of 2025.

As at 31 December 2023, the Company utilised a total of approximately RMB139.1 million of the proceeds. The table below sets out the planned applications of the net proceeds from the Convertible Bonds and actual usage up to 31 December 2023:

Use of proceeds	**Allocation of the net proceeds from the Convertible Bonds** *(RMB million)*	**Utilised amount up to 31 December 2023** *(RMB million)*	**Unutilised amount as at 31 December 2023** *(RMB million)*	**Expected timeline of full utilisation of the remaining proceeds from the Convertible Bonds**
EAL® clinical trial	102.3	59.1	43.2	By the end of 2024[(1)]
Construction costs of new R&D and production centres	197.7	80.0	117.7	By the end of 2025
Total	300.0	139.1	160.9	

(1) As at 31 December 2023, the delay in the actual use of proceeds for the EAL® clinical trial was mainly due to the delay in the approval process of EAL®.

FOREIGN EXCHANGE

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit the exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

SELECTED FINANCIAL RATIO

The following table sets out certain selected financial ratios as at the balance sheet dates indicated:

	Year ended 31 December	
	2023	2022
Current ratio[(1)]	**1.05**	0.57
Quick ratio[(2)]	**1.03**	0.53
Gearing ratio[(3)]	**–**	0.00

Notes:

(1) Current ratio equals current assets divided by current liabilities as at the end of the year.

(2) Quick ratio equals (a) current assets less materials for R&D project divided by (b) current liabilities as at the end of the year.

(3) Gearing ratio equals total borrowings divided by total equity as at the end of the year. As at 31 December 2023, the Group had no interest-bearing borrowings, such that the gearing ratio is not applicable for the year ended 31 December 2023.

The current ratio increased from 0.57 as at 31 December 2022 to 1.05 as at 31 December 2023 and the quick ratio increased from 0.53 as at 31 December 2022 to 1.03 as at 31 December 2023 because the Company utilised a portion of the Convertible Bonds (which is a non-current liability) to invest in certificates of deposits.

FINAL DIVIDEND

No dividend was paid, declared or proposed for the Reporting Period.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, 24 May 2024 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 May 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The CG code has been applicable to the Company during the Reporting Period.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Report Period.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Use of Net Proceeds from Listing and Over-allotment Option

The Shares were listed on the Stock Exchange on 10 July 2020. Subsequently, the Company announced that the over-allotment option described in the Prospectus was partially exercised by the joint representatives, on behalf of the international underwriters, on 31 July 2020, in respect of an aggregate of 14,584,000 Shares representing approximately 14.58% of the total number of the Shares initially available under the Global Offering before any exercise of the over-allotment option to facilitate the return to Tan Zheng Ltd of the borrowed Shares under the stock borrowing agreement which were used to cover over-allocations in the international offering.

After deducting the underwriting fees and commissions, other listing expenses and other expenses in connection with the exercise of the initial Global Offering and the exercise of the over-allotment option, the net proceeds amounted to approximately HK$1,127.8 million. As at the date of this announcement, the Company used a total of approximately HK$1,124.8 million of the proceeds, including approximately HK$385.6 million for investment in the ongoing clinical trial and commercialisation of EAL®, approximately HK$374.5 million for investments in CAR-T-19 clinical trial and TCR-T product series candidates, approximately HK$212.5 million for R&D expenditure in connection with expansion of other clinical indications for EAL®, approximately HK$95.8 million for development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres and approximately HK$56.4 million for working capital and other general corporate purposes. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and the over-allotment option and actual usage up to 31 December 2023:

Use of Proceeds	Allocation of the net proceeds from the Global Offering *(HK$ million)*	Percentage of total net proceeds *(%)*	Unutilised amount (as at 1 January 2023) *(HK$ million)*	Utilised amount (from the Listing Date to 31 December 2023) *(HK$ million)*	Utilised amount (from 1 January 2023 to 31 December 2023) *(HK$ million)*	Unutilised amount (as at 31 December 2023) *(HK$ million)*	Expected timeline of full utilisation of the remaining proceeds from the Global Offering as at 31 December 2023[1]
For investment in the ongoing clinical trial and commercialisation of EAL®	385.6	34.2	2.9	385.6	2.9	–	Not applicable
For R&D expenditure in connection with expansion of other clinical indications for EAL®	213.2	18.9	0.7	212.5	–	0.7	By the end of 2025
For investments in CAR-T-19 clinical trial and TCR-T product series candidates	374.5	33.2	51.8	374.5	51.8	–	Not applicable
Development of other product candidates in the product pipeline including R&D expenditure and the construction costs of new R&D and production centres	98.1	8.7	2.3	95.8	–	2.3	By the end of 2025
Working capital and other general corporate purposes	56.4	5.0	2.9	56.4	2.9	–	Not applicable
Total	1,127.8	100.0	60.6	1,124.8	57.6	3.0	

(1) the expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances.

For the Company's planned usage of the use of proceeds as described above, the Company expects the net proceeds will be used up by 2025.

Significant Investments, Material Acquisitions and Disposals

Save as disclosed and as at the date of this announcement, there were no significant investments held by the Group or future plans regarding significant investment or capital assets.

Employee and Remuneration Policy

As at 31 December 2023, the Company had a total of 210 employees in the PRC and one employee in Korea. The total amount of employee remuneration of the Group (including directors' remuneration) for the year was approximately RMB77.0 million (2022: approximately RMB114.2 million).

The following table sets forth the number of the employees for each function as at 31 December 2023:

Function	**Number of Employees**
General management and administration	31
R&D	25
Senior management	11
Product and technology R&D	33
Production, purification, equipment and safety	39
Quality	45
Clinical support and business development	27
Total	211

The Company has designed an evaluation system to assess the performance of the employees periodically. Such system forms the basis of the determinations of whether an employee should receive a salary raise, bonus, or promotion. The Company believes the salaries and the bonuses received by the employees are competitive with market rates.

The Group places strong emphasis on providing training to the employees in order to enhance their technicals and product knowledge. The Group designs and offer different training programmes for the employees in various positions.

The Company makes contributions to the social insurance and housing provident fund for all the employees in the PRC.

Share Option Schemes

In order to reward the participants defined thereunder for their contribution to the Group's success and to provide them with incentives to further contribute to the Group, the Company adopted the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") on 31 December 2019 and the post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") on 6 June 2020.

For details of the principal terms of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus.

Pre-IPO Share Option Scheme

The summary of the share options granted under the Pre-IPO Share Option Schemes that were still outstanding as at 31 December 2023 is as follows:

Name of the grantee	No. of share options outstanding as at 31 December 2022	No. of share options granted during the Reporting Period and up to 31 December 2023	No. of share options exercised during the Reporting Period and up to 31 December 2023	No. of share options cancelled during the Reporting Period and up to 31 December 2023	No. of share options lapsed during the Reporting Period and up to 31 December 2023	No. of share options outstanding as at 31 December 2023
Tan Zheng *Chairman and executive Director*	5,000,000	–	–	–	–	5,000,000
Wang Yu *Executive Director, CEO and CTO*	23,450,000	–	–	–	–	23,450,000
Employees (in aggregate)	7,480,000	–	–	–	–	7,480,000
Total	**35,930,000**	**–**	**–**	**–**	**–**	**35,930,000**

Details regarding the number of options, date of grant, vesting period, exercise period and exercise price of the share options granted under the Pre-IPO Share Option Scheme that were still outstanding as at 31 December 2023 are set out below:

Name of the grantee	**Date of grant**	**Vesting Period**	**Exercise Period**	**Exercise Price per share** (Note 2)	**No. of outstanding option as at 31 December 2023**
Tan Zheng *Chairman and executive Director*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	5,000,000
Wang Yu *Executive Director, chief executive officer and chief technology officer*	31 December 2019	Two equal tranches on 31 December 2020 and 2021, respectively	31 December 2019 to 30 December 2026	HK$5.5	23,450,000
Employees (in aggregate)	31 December 2019	Three tranches of 30%, 30% and 40% on 31 December 2020, 2021 and 2022, respectively/Two equal tranches on 31 December 2020 and 2021, respectively (Note 1)	31 December 2019 to 30 December 2026	HK$5.5	7,480,000
Total					**35,930,000**

Notes:

1. For details of the vesting periods of share options granted to each of the employees, please refer to Appendix IV to the Prospectus.

2. Closing price of the shares is not applicable as the Shares were not listed at the date of grant.

As at the date of this announcement, the total number of Shares available for issue under the Share Option Scheme is 35,930,000 Shares, representing approximately 6.98% of the total issued Shares.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a maximum period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

No share options were granted, exercised, cancelled or lapsed under the Post-IPO Option Scheme during the period from the Listing Date to date of this announcement.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate all dealings by Directors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Reporting Period.

Audit Committee and Review of Financial Report

The Audit Committee was established on 6 June 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this announcement, the Audit Committee consists of three members, being two independent non-executive Directors, namely Mr Ng Chi Kit, who is the chairman of the Audit Committee, Professor Wang Yingdian, and one non-executive Director, namely Mr Tao Ran. Mr Ng Chi Kit is an independent non-executive Director possessing the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

The Audit Committee has reviewed the Company's annual financial results for the year ended 31 December 2023, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Changes to directors' information

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting period.

Directors' Rights to Acquire Shares or Debentures

Save for the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, no arrangement has been made by the Company or any of its subsidiaries for any Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debt securities of the Company or any other body corporate were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	For the year ended 31 December 2023 RMB'000	2022 RMB'000
Other income	5	**10,547**	9,087
Other gains and losses, net	6	**(106,458)**	(36,335)
Administrative expenses		**(53,223)**	(97,708)
Research and development expenses		**(177,326)**	(176,223)
Finance costs	7	**(8,519)**	(6,135)
Other expenses	5	**(500)**	(13,781)
Loss before tax		**(335,479)**	(321,095)
Income tax expense	8	**–**	–
Loss and total comprehensive expense for the year	9	**(335,479)**	(321,095)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(334,819)**	(318,109)
Non-controlling interests		**(660)**	(2,986)
		(335,479)	(321,095)
Loss per share (RMB)			
Basic	11	**(0.65)**	(0.62)
Diluted		**(0.65)**	(0.62)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	As at 31 December 2023 **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**500,759**	527,251
Intangible assets		**41,882**	42,486
Prepayments, deposits and other receivables	*13*	**42,113**	48,881
Contract costs		**464**	720
Financial assets at fair value through profit or loss ("**FVTPL**")	*12*	**46,362**	140,175
Pledged bank deposits		**810**	1,810
		632,390	761,323
CURRENT ASSETS			
Contract costs		**256**	256
Financial assets at FVTPL	*12*	**124,812**	21,010
Materials for research and development project		**4,924**	7,213
Prepayments, deposits and other receivables	*13*	**30,718**	31,187
Bank balances and cash		**52,161**	58,448
Pledged bank deposits		**1,023**	–
		213,894	118,114
CURRENT LIABILITIES			
Contract liabilities		**710**	710
Trade and other payables	*14*	**176,911**	167,989
Lease liabilities		**24,679**	26,056
Deferred government grants		**1,136**	3,650
Other financial liability	*15*	**–**	10,069
		203,436	208,474
NET CURRENT ASSETS (LIABILITIES)		**10,458**	(90,360)
TOTAL ASSETS LESS CURRENT LIABILITIES		**642,848**	670,963

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**1,274**	1,984
Lease liabilities		**105,655**	122,750
Deferred government grants		**38,190**	38,860
Bank borrowing	*16*	**–**	1,000
Other financial liability	*15*	**326,839**	–
		471,958	164,594
NET ASSETS		**170,890**	506,369
CAPITAL AND RESERVES			
Share capital		**3,576**	3,576
Reserves		**170,040**	504,859
Equity attributable to owners of the Company		**173,616**	508,435
Non-controlling interests		**(2,726)**	(2,066)
TOTAL EQUITY		**170,890**	506,369

1. GENERAL INFORMATION

Immunotech Biopharm Ltd (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law Chapter 22 (Law of 3 of 1961, as consolidated and revised) of the Cayman Islands on 11 April 2018. Its ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 10 July 2020. The address of the Company's registered office is at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 8/F, Block 1, Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-Technological Development Area, Beijing, the PRC.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in research and development, manufacturing and commercialisation of immune cell products for treatments of cancers in the PRC. The Company and its subsidiaries are hereinafter collectively referred to as the "**Group**".

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual period on 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

- the Group also, as at 1 January 2022, recognised a deferred tax asset (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 deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

(b) New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1. Effective for annual periods beginning on or after a date to be determined.
2. Effective for annual periods beginning on or after 1 January 2024.
3. Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to IFRSs mentioned below, the directors of the Company (the "**Directors**") anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (2020)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

Impacts on other financial liability

As at 31 December 2023, the Group's outstanding convertible notes include counterparty conversion options that do not meet equity instruments classification by applying IAS 32. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The convertible notes were designated as at FVTPL with carrying amount of RMB326,839,000 as at 31 December 2023 and is classified as non-current as set out in Note 15. Upon the application of the 2020 Amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitutes settlement of the convertible instruments. Given that the convertible options are exercisable anytime, the convertible notes designated as at FVTPL amounting to RMB326,839,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

Geographical information

The Group did not record any revenue during the year ended 31 December 2023 (year ended 31 December 2022: nil). As at 31 December 2023, the Group's non-current assets excluding financial instruments amounted to RMB581,596,000 (31 December 2022: RMB615,362,000). Majority of the Group's non-current assets are located in the PRC, accordingly, no analysis of geographical information is presented.

5. OTHER INCOME/OTHER EXPENSES

Other income

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Income received from provision of cell cryopreservation services *(Note a)*	**710**	710
Income received from technical service	**590**	75
Interest income on bank deposits	**2,817**	3,011
Interest income on rental deposits	**192**	190
Government grants *(Note b)*	**6,216**	5,101
Others	**22**	–
Total	**10,547**	9,087

Other expenses

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Costs for provision of cell cryopreservation services	**288**	288
Issue costs for convertible bonds designated at FVTPL	**–**	13,493
Costs for provision of technical services	**212**	–
Total	**500**	13,781

Notes:

a. An analysis of the Group's income from cell cryopreservation services is as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Types of goods or service		
Cell cryopreservation services	**710**	710
Timing of revenue recognition		
Over time	**710**	710

b. An analysis of the Group's government grants is as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Government grants related to		
– Research and development activities	**3,436**	3,902
– Machinery	**2,266**	134
– Others	**514**	1,065
	6,216	5,101

Government grants include subsidies from local governments which are specifically for (i) the subsidies for the Group's research and development activities, which are recognised upon compliance with the attached conditions; (ii) compensations of the capital expenditure incurred for purchase of machinery in relation to research and development of immune cell products, which are recognised over the useful lives of the related assets; and (iii) subsidies to provide immediate financial support to the Group with no conditions attached which are recognised in profit or loss when the subsidies are received.

6. OTHER GAINS AND LOSSES, NET

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Fair value loss on financial assets at FVTPL, net	**(90,011)**	(24,020)
Fair value loss on other financial liability *(Note 15)*	**(16,770)**	(10,069)
Gain (loss) on disposal of property, plant and equipment	**196**	(636)
Exchange (loss) gain, net	**(65)**	86
Loss on early termination of leases	**–**	(255)
Gain on lease modification	**185**	–
Others	**7**	(1,441)
Total	**(106,458)**	(36,335)

7. FINANCE COSTS

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest expenses on:		
Lease liabilities	**8,494**	6,114
Bank borrowings	**25**	21
Total	**8,519**	6,135

8. INCOME TAX EXPENSE

(a) Income tax expense

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current PRC enterprise income tax ("**EIT**")	**–**	–

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% for both years.

Beijing Yongtai has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 31 October 2018 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced EIT rate of 15% and the unused tax losses could be utilised for 10 years since 2013. During the year ended 31 December 2021, the accredition of "High and New Technology Enterprise" of Beijing Yongtai has been extended to December 2024. Yongtai Ruike has been accredited as a "High and New Technology Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities on 20 December 2023 for a term of three years, and has been registered with the local tax authorities for enjoying the reduced EIT rate of 15% and the unused tax losses could be utilised for 10 years since 2023. Accordingly, the profits derived by Beiing Yongtai is subject to EIT rate of 15% (year ended 31 December 2022: 15%) for the year ended 31 December 2023, and the profits derived by Yongtai Ruike is subject to EIT rate of 15% (year ended 31 December 2022: 25%) for the year ended 31 December 2023.

No provision for PRC enterprise income tax was made as the Group's PRC subsidiaries incurred tax losses for both years.

No Hong Kong Profits Tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong Profits Tax.

The income tax expense for the year is reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(335,479)**	(321,095)
Tax at the applicable tax rate of 25% (2022: 25%)	**(83,870)**	(80,274)
Tax effect of non-taxable income	**(77)**	(626)
Tax effect of expenses not deductible for tax purpose	**29,345**	23,217
Tax effect of accelerated deduction for research and development expenses *(Note)*	**(35,427)**	(32,292)
Tax effect of unrecognised tax losses	**90,029**	89,975
	–	–

Note: Pursuant to Caishui 2018 circular No. 99 and Caishui 2021 circular No. 6, Beijing Yongtai, Yongtai Ruike and Beijing Weixiao Biotechnology Development Limited* (北京緯曉生物技術開發有限責任公司) ("**Beijing Weixiao**") enjoy accelerated deduction of -175% on qualifying research and development expenses from 1 January 2018 to 31 December 2023. Pursuant to Caishui 2021 circular No. 13, Beijing Yongtai and Yongtai Ruike enjoy accelerated deduction of 200% on qualifying research and development expenses from 4 January 2022.

* *English name is for identification purpose only*

(b) Deferred taxation

For the purpose of presentation in the statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Deferred tax assets	**17,695**	21,684
Deferred tax liabilities	**(17,695)**	(21,684)
	–	–

The following are the deferred tax liabilities and assets recognised and movements thereon during the Track Record Period:

	Tax losses *RMB'000*	**Right-of-use assets** *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
At January 1, 2022	6,081	(23,921)	17,840	–
(Charge) credit to profit or loss	(6,081)	2,237	3,844	–
At December 31, 2022	–	(21,684)	21,684	–
Credit (charge) to profit or loss	–	3,989	(3,989)	–
At December 31, 2023	**–**	**(17,695)**	**17,695**	**–**

As at 31 December 2023, the Group had unused tax losses of RMB1,594,145,000 (31 December 2022: RMB1,242,779,000) which are available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining unused tax losses as at 31 December 2023 and 2022 due to the unpredictability of future profit streams.

The unused tax losses will be expired as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
2023	**–**	2,532
2024	**5,221**	5,221
2025	**19,118**	19,118
2026	**47,103**	47,103
2027	**43,189**	43,189
2028	**37,946**	37,946
2029	**122,953**	122,953
2030	**261,958**	261,958
2031	**381,415**	381,415
2032	**320,898**	321,344
2033	**354,344**	–
Total	**1,594,145**	1,242,779

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
– salaries and other allowances	**70,631**	100,994
– retirement benefits	**6,403**	8,883
– equity-settled share-based payment included in administrative expenses	**–**	1,160
– equity-settled share-based payment included in research and development expenses	**–**	3,125
Total staff costs	**77,034**	114,162
Depreciation of property, plant and equipment	**53,676**	44,561
Less: capitalised in construction in process	**(2,507)**	(2,507)
	51,169	42,054
Amortisation of intangible assets	**2,230**	2,017
Auditor's remuneration	**1,560**	2,810
Short-term lease expense	**228**	352
Cost of materials included in research and development expenses	**15,125**	17,347
Outsourcing service fees included in research and development expenses	**46,883**	31,317

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2022: nil).

11. LOSS PER SHARE

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

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company	**(334,819)**	(318,109)

	For the year ended 31 December	
	2023	2022
	Shares	Shares
	('000)	*('000)*
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	**514,584**	514,584

For the purpose of calculation of diluted loss per share for the year ended 31 December 2023 and 2022, the share options granted under the pre-IPO share option scheme were not included as their inclusion would result in a decrease in loss per share.

12. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Investment in the Tasly Fund *(Note i)*	**2,393**	88,913
Investment in the Shaoxing Fund *(Note ii)*	**43,969**	51,262
Investment in a financial product *(Note iii)*	**22,461**	21,010
Investment in the certificate of deposit *(Note iv)*	**102,351**	–
Total	**171,174**	161,185
Analysed as:		
Non-current	**46,362**	140,175
Current	**124,812**	21,010
	171,174	161,185

Notes:

i. In December 2020, the Company entered into a subscription agreement with Tasly Bioscience Fund Limited, in relation to the subscription of limited partner interests in Tasly Bioscience Fund, L.P. (the "**Tasly Fund**"). The aggregate subscription amount was HK$156.8 million. Subject to the terms of the limited partnership agreement, the initial term of the Tasly Fund shall be five years and each of the partners will be entitled to share the profit or loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tasly Bioscience Fund Limited, has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Tasly Fund.

The investment was accounted for as financial assets at FVTPL under IFRS 9. The total subscription amount of HK$156,800,000 (equivalent to RMB131,969,000) had been paid as at 31 December 2020. In June 2021, the Tasly Fund has made the investment of HK$146,220,000 (equivalent to RMB119,769,000) to acquire the 100% ordinary shares of Paul International Investment Limited ("**Paul International**") which held 12.3% ordinary shares of a bio-science company based in the Republic of Korea ("**Korea**") ("**Target A**"). As at 31 December 2023, the shares of Target A held by Paul International is 10.7% (2022: 10.7%).

The fair value of investment in the Tasly Fund is as follows:

	Investment in the Tasly Fund *HK$'000*	**Shown in the consolidated financial statements as** *RMB'000*
As 1 January 2022	136,561	111,652
Change in fair value *(Note)*	(37,025)	(22,739)
At 31 December 2022	99,536	88,913
Change in fair value *(Note)*	(96,896)	(86,520)
At 31 December 2023	**2,640**	**2,393**

Note: Change in fair value presented in RMB also includes the exchange effect on translation from HK$ balances into RMB.

As at 31 December 2023 and 2022, the fair value of investment in the Tasly Fund was determined by the Directors with assistance from an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The Tasly Fund engages in investment management, its operation purely depends on the investment it holds. Its long-term investment was equity holding in Paul International, and the valuation method was described as below. The valuations of the remaining assets and liabilities of the Tasly Fund, other than long term investment, are carried out by reference to their book values.

Discounted cash flow method was used to determine the underlying equity value of Target A as at 31 December 2023 (31 December 2022: Discounted cash flow method). During the year ended 31 December 2023, Target A's clinical research on its major product has been suspended in both the United States of America ("**USA**") and Korea. Target A plans to resume the clinical research in Korea in 2024 but on hold its clinical research in the USA in the foreseeable future due to limited sources of funding available. The above change has been reflected in the cash flow projection and resulted in a significant decrease in the fair value as at 31 December 2023. In arriving at assessed value of the preferred shares and ordinary shares of Target A as at the valuation date, hybrid method was adopted to allocate the equity value among the preferred shares and ordinary shares.

Key valuation assumptions and inputs used to determine the fair value of the equity holding in Target A as at 31 December 2023 and 2022 are as follows:

	As at 31 December	
	2023	2022
Time to initial public offering ("**IPO**")	**5.0 year**	3.0 year
Time to the redemption event	**1.0 year**	2.0 year
Risk-free interest rate	**3.84%, 4.79%**	4.22%, 4.41%
Volatility	**75%, 67.71%**	61.57%, 69.29%
Discount rate (per annum)	**16.5%**	15.3%
Discount for lack of marketability	**28%**	23.90%

The discount for lack of marketability was estimated based on the finnerty model with reference to the comparable companies in the same industry.

Discount rate was estimated by weighted average cost of capital with reference to the comparable companies in the same industry.

ii. In February 2021, the Company's subsidiary, Beijing Yongtai, entered into a subscription agreement in relation to the subscription of limited partner interests in Shaoxing Yongsheng Equity Investment Partnership (LP)* (紹興永晟股權投資合夥企業(有限合夥)) (the "**Shaoxing Fund**"). Subject to the terms of the limited partnership agreement, the initial term of the Shaoxing Fund shall be seven years and each of the partners will be entitled to share the profit or loss attributable to a project investment in proportion to their respective paid capital commitment to fund the acquisition cost of such project investment. The general partner, Tianjin Jinxin Health Technology Co., Ltd.* (天津金新健康科技有限公司), has exclusive power over the management and control of the operation, investment affairs and other matters relating to the Shaoxing Fund.

The subscription amount of RMB50,000,000 had been paid in April 2021. The investment was accounted for as financial assets at FVTPL under IFRS 9. The Shaoxing Fund made the investment of RMB500,000,000 to subscribe convertible bonds of a company principally engaged in gene testing services in Mainland China ("**Target B**"). The convertible bonds carry interests of 6% per annum and will originally mature in May 2024 and the maturity date of partial convertible bonds is expected to be extended to 2028. The Shaoxing Fund may exercise its conversion option during the term of the investment and the conversion price is subject to negotiation between the Shaoxing Fund and Target B with reference to the then fair value.

* *English names are for identification purpose only.*

The fair value of investment in the Shaoxing Fund is as follows:

	Investment in the Shaoxing Fund *RMB'000*
As 1 January 2022	51,524
Change in fair value	(262)
At 31 December 2022	51,262
Change in fair value	(7,293)
At 31 December 2023	**43,969**

As at 31 December 2023 and 2022, the fair value of investment in the Shaoxing Fund was determined by the Directors with assistance from an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The Shaoxing Fund engages in investment management, its operation purely depends on the investment it holds. Its long-term investment was convertible bonds held in Target B, the fair value of the convertible bonds was determined using discounted cash flow method based on a discount rate of 12.16% or 12.86% per annum (31 December 2022: 8.05% per annum). The valuations of the remaining assets and liabilities of the Shaoxing Fund, other than long term investment, are carried out by reference to their book values.

iii. In November 2022, the Group invested in a financial product of US$3,000,000 (equivalent to RMB22,029,000) managed by a financial institution in Hong Kong which can be redeemed at maturity in February 2023. During the year, the Group continued to invest in the financial products with the redemption amount, which can be redeemed at maturity in March 2024. There is no predetermined or guaranteed return for the product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9. As at 31 December 2023, the fair value of the investment is US$3,171,000 (equivalent to RMB 22,461,000) (31 December 2022: US$3,017,000 (equivalent to RMB21,010,000)).

iv. During the year, the Group invested in certain certificate of deposits with a bank in PRC. The certificate of deposits carry fixed interest rate of 3.00% per annum. The Directors determine the deposits are mainly for the purpose of short-term fund management, which will be sold in the secondary market within one year, therefore the deposits are classified as current assets.

As at 31 December 2023, the Group's investment in the Tasly Fund and investment in the Shaxing Fund of RMB46,609,000 (2022: nil) were pledged to secure convertible bonds of the Group (Note 15).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Prepayments to suppliers and service providers	**26,581**	29,113
Value added tax recoverable	**4,334**	7,852
Prepayments for purchase of property, plant and equipment	**36,898**	37,553
Rental deposits	**3,622**	3,105
Other deposits	**1,109**	1,349
Advances to employees	**181**	206
Receivables from disposal of property, plant and equipment	**3**	724
Others	**103**	166
	72,831	80,068
Analysed as:		
Non-current	**42,113**	48,881
Current	**30,718**	31,187
	72,831	80,068

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables	**45,737**	37,394
Payables for acquisition of property, plant and equipment	**101,552**	95,343
Accrued salaries and other allowances	**10,372**	16,287
Payables for acquisition of intangible assets	**5,779**	7,113
Payables for service expense	**11,280**	10,887
Notes payable	**1,023**	–
Others	**1,168**	965
	176,911	167,989

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**31,000**	24,140
1 year to 2 years	**14,737**	13,254
	45,737	37,394

15. OTHER FINANCIAL LIABILITY

	31 December	
	2023	2022
	RMB'000	*RMB'000*
Forward contract to issue convertible bonds	**–**	10,069
Convertible bonds	**326,839**	–
	326,839	10,069
Analysed as:		
Non-current	**326,839**	–
Current	**–**	10,069
	326,839	10,069

On 28 October 2022, the Company and Tasly (Hong Kong) Pharmaceutical Investment Limited (the "**Investor**") entered into a convertible bonds subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the convertible bonds in the principal amount of RMB300 million. The Investor is controlled by Tasly Pharmaceutical Group Co., Ltd. ("**Tasly Pharmaceutical**"), a listed company on Shanghai Stock Exchange, both Tasly Pharmaceutical and Tasly Fund are controlled by Tasly Holding Group Co., LTD.

As at 31 December 2022, the conditions precedent under the Subscription Agreement have not been fulfilled. The Subscription Agreement represented a forward contract to issue convertible bonds which met the definition of a derivative. Accordingly the Company recorded a fair value loss of RMB10,069,000 in profit or loss in relation to the change in fair value of the Subscription Agreement.

In February 2023, the issuance of the convertible bonds was completed and the Company received the principle amount of RMB300 million which will mature in 3 years from the date of issuance (the "**Maturity Date**"). The convertible bonds carries interests of 6% per annum and the interest will be payable annually and can convert into the shares of the Company at the option of the Investor at any time commencing from six months after the issue date up to the Maturity Date at the initial conversion price of RMB4.38 per conversion share subject to adjustment. If the convertible bonds are not fully converted at the Maturity Date, the Company would make up an aggregate return on the relevant principal amount of the convertible bonds of 8% per annum. The convertible bonds were secured by property, plant and equipment, financial assets at FVTPL and ordinary shares of the Company provided by Mr. Tan Zheng and and his close family members respectively. The convertible bonds are designated at FVTPL.

The fair value of other financial liabilities is as follows:

	Convertible bonds *RMB'000*	Forward contract to issue convertible bonds *RMB'000*	Total *RMB'000*
At 1 January 2022	–	–	–
Change in fair value	–	10,069	10,069
At 31 December 2022	–	10,069	10,069
Addition	300,000	–	300,000
Change in fair value	26,839	(10,069)	16,770
At 31 December 2023	**326,839**	**–**	**326,839**

The fair value of convertible bonds is valued by an independent valuer using the Binomial Model. The key valuation assumptions and inputs as at 31 December 2023 to the model are as follows:

Bond maturity	2.13 years
Volatility	78.15%
Risk-free interest rate	2.2%
Discount rate for the Company	46.58%

Volatility was estimated on the valuation date based on the average of historical volatilities of the Company for a period of three years.

Risk-free interest rate was estimated based on the China government bond yield curve with similar time to maturity as at the valuation date.

Key assumption and input used to determine the fair value of the forward contract as at 31 December 2022 are as follows:

	RMB'000
Fair value of convertible bonds *(Note)*	309,818

Note: The Binomial Model was used to determine the fair value of convertible bonds and the key valuation assumptions and inputs are as follows:

Bond maturity	3 years
Volatility	48.67%
Risk-free interest rate	2.40%
Discount rate for the Company	26.78%

16. BANK BORROWING

In June 2022, the Group obtained a new bank borrowing of RMB1,000,000, which will mature in December 2024. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.6% per annum. The borrowing was secured by bank deposits of the Group amounting to RMB1,000,000 as at 31 December 2022. The drawdown of this bank borrowing is to activate the credit facility of RMB885 million for investment in property, plant and equipment from a licensed bank. The remaining of the credit facility will be available when certain conditions are met. The Group early repaid the borrowing in August 2023.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.eaal.net).

The annual report for the year ended 31 December 2023 containing all the information required by Appendix D2 to the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARY TERMS

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

"6B11"	the monoclonal anti-idiotypic antibody prepared by Beijing Weixiao with COC166-9 immunised mice with monoclonal antibody to mimic ovarian cancer-related antigen OC166-9
"6B11-OCIK Injection"	Injection of ovarian cancer autologous cytotoxic T lymphocyte, one of the Group's biologic product pipeline for treatment of ovarian cancer
"aT19 Injection"	aT19 injection, the active component of the aT19 Injection product candidate is autologous T cells genetically modified to express CD19
"Audit Committee"	the audit committee of the Board
"B cells"	a type of Lymphocytes
"Beijing Weixiao"	Beijing Weixiao Biotechnology Development Limited* (北京緯曉生物技術開發有限責任公司), a subsidiary of the Company
"Beijing Yongtai"	Immunotech Applied Science Limited (北京永泰生物製品有限公司), a limited liability company established in the PRC on 20 November 2006 and an indirect wholly-owned subsidiary of the Company
"Board" or "Board of Directors"	the board of directors of the Company

"CAR-T cells"	chimeric antigen receptor T cells, are T cells that have been genetically engineered to produce an artificial T-cell receptor and chimeric antigen receptors that have been engineered to give T cells the new ability to target a specific protein on the surfaces of cells
"CAR-T-19 Injection"	CAR-T-19 injection, one of the Group's core of CAR-T cell product pipeline
"CD19"	a cell surface protein expressed on the surface of nearly all B cell leukemias and lymphomas
"CDE"	Centre for Drug Evaluation of the NMPA
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan
"CMV"	Cytomegalovirus
"Company"	Immunotech Biopharm Ltd (永泰生物製藥有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 11 April 2018
"Conversion Price"	the conversion price of the Convertible Bonds, initially being HK$4.81 per Conversion Share, equivalent to RMB4.38 per Conversion Share (based on the exchange rate of RMB1 to HK$1.09849 which is the average mid-point daily exchange rate of RMB to HK$ published by the People's Bank of China for five business days prior to and excluding the date of the Subscription Agreement) (subject to adjustments)
"Conversion Shares"	the Shares falling to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the 11.75% secured convertible bonds due in 2025 in the aggregate principal amount of RMB300 million have been issued by the Company to the Investor pursuant to the Subscription Agreement
"Core Product Candidate"	the "core product" as defined under Chapter 18A of the Listing Rules, namely EAL®

"Denocabtagene Ciloleucel Injection"	Denocabtagene Ciloleucel injection, an injection for the treatment of patients with relapsed and refractory diffuse large B-cell lymphoma
"Director(s)"	the director(s) of the Company
"EBV"	Epstein-Barr virus, a member of the herpes virus family
"FVTPL"	Financial assets at fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering
"GMP"	good manufacturing practice, and in the context of PRC laws and regulations, refers to guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (中華人民共和國藥品管理法) as part of quality assurance which aims to minimise the risks of contamination, cross contamination, confusion, and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group"	the Company and its subsidiaries
"Guosheng Laboratory"	a R&D facility located at Guosheng Technology Park, No.1 Kangding Street, Beijing Economic-technological Development Area, Beijing, China leased by the Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HLA"	human leukocyte antigen, a gene complex encoding the major MHC proteins
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HPV"	human papillomavirus
"IND"	investigational new drug
"Industry Fund"	the cellular immunotherapy specialised industry fund (細胞免疫治療專項產業基金)
"Investor"	Tasly (Hong Kong) Pharmaceutical Investment Limited

"JV Company"	Shanghai Yurui Medical Technology Co., Ltd.* (上海喻鋭醫療科技有限公司), a company established in Shanghai with limited liability and is owned as to 70% by Shanghai NKY and 30% by Beijing Yongtai
"Korea"	Republic of Korea
"Leadman"	Beijing Leadman Biochemistry Co., Ltd, a company incorporated in the PRC, being the landlord under the Lease Agreement
"Lease Agreement"	the formal lease agreement dated 9 October 2021 entered into between Beijing Yongtai as the tenant and Leadman as the landlord in relation to the lease of the Premises
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on 10 July 2020
"Listing Date"	10 July 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Lymphocytes"	a sub-type of white blood cells, such as T cells, B cells and NK cells
"Main Board"	the Main Board of the Stock Exchange
"MHC"	major histocompatibility complex, proteins found on the surfaces of cells specialised for displaying short peptide fragments on the surface of cells
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"NDA"	new drug application
"NK cells"	natural killer cells, a type of Lymphocytes and a component of innate immune system

"NKY Medical"	Boai NKY Medical Holdings Ltd (博愛新開源醫療科技集團股份有限公司)
"NMPA"	National Medical Products Administration of the People's Republic of China
"Prospectus"	the prospectus issued by the Company dated 29 June 2020
"R&D"	research and development
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the 12-month period from 1 January 2023 to 31 December 2023
"Shanghai NKY"	Shanghai NKY Precision Medical Co.,Ltd.* (上海新開源精準醫療有限公司)
"Shaoxing Fund"	Shaoxing Binhai New Area Biomedical Industry Equity Investment Fund Partnership (LP)* (紹興濱海新區生物醫藥產業股權投資基金合夥企業(有限合夥))
"Share(s)"	ordinary shares with a nominal value of US$0.001 each in the capital of the Company
"Shareholder(s)"	holder(s) of Shares
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the subscription agreement dated 28 October 2022 entered into among the Company, the Investor and others in relation to the subscription of the Convertible Bonds
"Talsy Fund"	the Company entered into the subscription agreement with Tasly Bioscience Fund Limited, to govern their relationship and provide for, among others, the manner of operation and management of the investment fund
"T cells" or "T Lymphocytes"	a type of Lymphocytes produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface

"T-Cure"	T-Cure Bioscience, Inc.
"TCR"	T cell receptor, a molecule found on the surface of T cells responsible for recognising fragments of antigen
"TGF-ß"	transforming growth factor beta, a family of proteins involved in regulating and mediating processes at the cellular level
"U.S. dollar(s)", "USD" or "US$"	United States dollars, the lawful currency of the United States of America
"Yongtai Ruike"	Beijing Yongtai Ruike Biotechnology Company Ltd (北京永泰瑞科生物科技有限公司), a company established in the PRC with limited liability on 8 June 2018 and is a wholly-owned subsidiary of the Company

By order of the Board
Immunotech Biopharm Ltd
Tan Zheng
Chairman and executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr Tan Zheng as Chairman and executive Director, Dr Wang Yu as executive Directors, Mr Tao Ran, Mr Wang Ruihua, Mr Yang Fan and Mr Wang Donghu as non-executive Directors, and Professor Wang Yingdian, Mr Ng Chi Kit and Ms Peng Sujiu as independent non-executive Directors.

* *For identification purposes only*